IS ASIA HEADING TOWARD RIVALRY?

A Period of Relative Peace: 1980–2000

Compared to its experience since the 1930s, Asia has enjoyed relative peace during the past two decades. There have been no major wars comparable to World War II, the Korean War, the French and American wars in Vietnam, or the Indo-Pakistani wars of 1965 and 1971. Nor has China engaged in combat as it did during the offshore-islands crises of 1954–1955 and 1958, the Sino-Indian border war of 1962, its border skirmishes with the Soviet Union in 1969, and its “defensive counterattack” against Vietnam in 1979. Similarly, China no longer supports communist insurgencies in the region.

Of course, the past 20 years have hardly been free of tension and rivalry. First, Asia contains the one ongoing Cold War conflict in the world—the tense, militarized standoff between North and South Korea. It is also home to the seemingly intractable rift between China and Taiwan. In 1996, the United States responded militarily to Chinese missile tests directed at waters adjacent to Taiwan’s two main ports—tests that were apparently intended to intimidate the Taiwanese electorate on the eve of the March 1996 presidential

1This chapter draws heavily on the four appendices, which discuss the changing political-military environment in Northeast Asia, China, Southeast Asia, and South Asia.
election. The presidential election of 2000 was also the occasion for Chinese fulminations.

The past 20 years have also seen violence in Cambodia; the secession struggle in East Timor and the Indonesian army’s brutal response to that struggle; insurgency and terrorism in Kashmir and the southern Philippines; and minor naval clashes in the South China Sea. Nevertheless, compared to the major military conflicts of the previous half-century, the Asian region has remained relatively tranquil.

Will It Continue?

Asia’s relative tranquillity over the past 20 years is attributable primarily to the fact that most Asian nations have concentrated on economic development. Indeed, it is this emphasis on development that underlies whatever unity the region may have, given its vast differences in culture, religion, and historical experiences. The key question is whether we can expect this trend to continue.

On the positive side, most countries in the region have adapted to the U.S.-led liberal trading order as the best means of achieving their top priority: national economic and technological development. Indeed, the Asian financial crisis of 1997 has weakened the appeal of the “Asian model” of development, which has come to be referred to disparagingly as “crony capitalism.” In South Korea and Taiwan, free-market authoritarianism has been replaced by democracy, thus belying the argument that the latter is a Western import unsuited to Confucian societies. Indonesia—the country with the largest Islamic population in Asia—has also moved away from free-market authori-

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2 The importance of this emphasis on development is neither a new phenomenon nor a new observation. Writing in the mid-1980s, Lucian Pye (Asian Power and Politics: The Cultural Dimensions of Authority, Cambridge, MA: Harvard University Press, 1985) noted this trend and viewed it as the grounds for talking about Asia as a single entity:

The common element in Asia is that it is a continent in pursuit of economic growth, national power, and all that can be lumped together under the general label of modernization. The unity of Europe lies in its history; the unity of Asia is in the more subtle, but no less real, shared consciousness of the desirability of change and of making a future different from the past.

What is different now is that the formula for achieving this progress is more evident than ever before, and the international environment is more supportive.
tarianism, although its democracy is much less entrenched than that of South Korea or Taiwan. Conversely, India, which has continued to maintain a democratic government despite its substantial poverty, is moving—albeit in fits and starts—away from its traditional Fabian socialism toward a free-market economy.

On the negative side, a variety of factors may hinder this positive trend. Of the world’s remaining communist regimes, for example, all but one remain in Asia. Democracy and support for human rights are not as universally accepted as is the case in Europe, and some Asian countries continue to view authoritarianism as necessary for political stability and economic success. Similarly, the international institutional framework of the region remains relatively undeveloped, and there is less cultural commonality and interchange than in Europe. Nationalist sentiments, often fueled by resentment over past injustices suffered at the hands of colonial powers, remain strong in most Asian countries and were not mitigated by the experience of World War II as they were in Europe. Perhaps most significant, however, is the fact that Japan—the region’s strongest and most successful democracy—seems highly unlikely to serve as a model given its cultural singularity and its tardiness in coming to terms with its record of colonialism in the 20th century.

Asia’s economic growth also carries with it the possibility of increasing military power. Over the past several decades, most of the nations of the region have not spent high percentages of their GDP on defense and have not increased their defense expenditures at a rate commensurate with their economic growth. This may, however, be changing. Over the past several years, both China and India have—in contrast to past behavior—increased defense spending at rates exceeding their GDP growth. In 2000, for example, China’s defense budget increased 12.7 percent compared to a 1999 GDP growth of 7.2

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3The relevance of these facts for Asia’s peaceableness depends, of course, on the much-debated theory of “democratic peace.” Critics of that theory could argue that, whatever its merits elsewhere, it is likely to be inapplicable to Asia given that nationalist sentiment remains strong among many populations. It remains, however, a fundamental component of U.S. policy toward the region and will therefore be discussed in this context.
percent, while India’s defense budget increased 28.2 percent compared with a 1999 GDP growth of 5.8 percent.4

Asia further lacks common institutions analogous to NATO and the European Union (EU), which buttressed security and promoted regional cooperation during Europe’s transition from the Cold War. Institutions such as the Association of Southeast Asian Nations (ASEAN) and its security counterpart, the ASEAN Regional Forum (ARF), have remained weak given their member states’ reluctance to criticize each other. Although the Philippines and Thailand have at times been openly critical of their neighbors, the majority of Asian governments prefer inclusion and consensus building rather than confrontation.

At the same time, Asia is host to a variety of unresolved border disputes that serve to perpetuate mistrust in the region. For example, the South China Sea and its islands and reefs have been claimed in whole or in part by Brunei, China, Taiwan, Malaysia, the Philippines, and Vietnam. In addition, disputes have arisen among China, Taiwan, and Japan over the Senkaku/Diaoyu Islands; China has had land or maritime border disputes with India, Russia, and Vietnam; South Korea and Japan have laid claim to the Tokto/Takeshima Islands; and Russia and Japan continue to vie for the Northern Territories. Yet while all of these disputes have the potential to escalate into violence, none is so volatile as that between India and Pakistan over Kashmir, where border incursions, insurgency, terrorism, and nuclear weapons make for a dangerous mix that continues to have a destabilizing effect on the region.

Finally, Asia is home to two aspiring great powers—India and China. China’s rapid economic growth and its steadily growing military strength may ultimately prompt it to become more forceful in pressing its territorial and sovereignty claims. Both China and India may also want more of a say in shaping regional and continental in-

stitutions and events. Whether India and China will be able to assume the role of dominant regional or continental powers remains uncertain, but the fact that both countries aspire to great-power status may in itself prove to be a source of conflict in the years to come.

Asia’s political-military situation is thus becoming increasingly fluid. Many countries have more resources—both economic and technological—and may also have greater incentive to transform those resources into military power. Indeed, one analyst has termed the region “ripe for rivalry.”5 Below the surface, various countries are building up their potential strength. If or when they enter the geopolitical arena as confident “actors,” they may find themselves engaged in heightened political-military competition or even conflict with their neighbors. Nevertheless, there are some positive indications as well. Most governments in the region seem to understand that peace and stability are highly preferable as conditions for promoting their economic and technological development.

WHITHER A UNIFIED KOREA?

Among the geopolitical changes taking place in Asia, those on the Korean peninsula loom large. The June 2000 Pyongyang summit between the leaders of South and North Korea raised the possibility that the two parts of the Korean peninsula could ultimately reach a fundamental reconciliation or even formally unite. As part of this process, North Korea has somewhat relaxed its hostile public posture toward the South. At Pyongyang, the two leaders agreed on a series of steps—including “visits by separated family members” and “economic cooperation and exchange in all fields”6—that, while bolstering North Korea economically, would open it up to outside influence to an unprecedented extent. This would appear to pose a serious risk to the stability of the North Korean regime.

6Citations are from the joint declaration issued by the two leaders. See ROK News Agency Carries “Unofficial Translation” of South-North Joint Declaration, FBIS-EAS-2000-0614, reprinted from Yonhap, June 14, 2000.
The predominant motivation of the North Korean leadership is the continued receipt of economic assistance necessary to prevent catastrophe. However, since North Korea's extraction of aid has to date depended largely on its perceived willingness to undertake dangerous military adventures, it is unclear whether North Korea could afford to adopt a policy of straightforward accommodation toward the South. Despite the positive atmospherics surrounding the November 2000 visit to Pyongyang by then-U.S. Secretary of State Madeleine Albright, it thus seems more likely that any process of reconciliation will at a minimum be punctuated by periods of North Korean–provoked crisis and tension, if only to keep international economic aid flowing. It is also possible, although not likely, that a unified Korea would come about as a result of the collapse of the North Korean regime.

A unified Korea would in any event face a completely changed security environment and would have to make several fundamental decisions. Among these would be whether to continue to host U.S. military forces on its territory; whether to maintain the relatively large military establishments of North and South Korea, particularly the North's ballistic missile forces and nuclear weapon program; and what posture to adopt toward China and Japan. A unified Korea could seek an autonomous role in the region but would be relatively weak compared with its closest neighbors, China, Japan, and (to a lesser extent) Russia.

Some of these issues are likely to arise even in the absence of unification. For example, North and South Korea might become recon-

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7 One could argue that the military threat could be replaced as a motivation for aid and investment by (1) the South's desire that the North not collapse (in order to avoid the costs of reunification) and (2) the benefit accruing to the South's corporations from the exploitation of the North's large pool of relatively cheap, Korean-speaking labor. One wonders, however, whether these factors would be sufficient to motivate the large financial transfers that the North will require.

8 Although economic difficulties alone rarely cause a regime to collapse, they can lead to intra-elite conflicts that get out of hand.

9 It is not known whether North Korea now possesses a nuclear weapon or sufficient fissile material to manufacture one; in any case, a unified Korea would inherit whatever nuclear facilities had not yet been dismantled in accordance with the U.S.–North Korean Agreed Framework of 1994. Combined with South Korea's generally higher technological capabilities, these facilities would be a major step toward a nuclear capability if such a capability did not already exist.
ciled to such an extent that they would no longer regard each other as their main security threat, or the economic collapse of North Korea could sharply limit the threat to the South.

A major potential effect of unification or reconciliation would be pressure on the United States to abandon its military bases in South Korea. The primary justification for these bases has heretofore been the defense of South Korea from another North Korean invasion. Without the threat of military invasion, many parties could question the continued stationing of U.S. troops in a postunification or reconciliation environment.¹⁰

Unification or reconciliation could also provoke nationalist sentiment in Korea, which would in turn intensify opposition to a continued U.S. presence. In response, the United States would have to make the case to the Korean government and public that the presence of its forces served the overall goals of regional stability and hence was advantageous to Korea even in the absence of an immediate threat. It might also be necessary to investigate what steps could be taken to reduce the impact and visibility of U.S. forces so as to help placate any nationalist sentiments that might be unleashed by the unification of the peninsula.

Some support for a continued U.S. presence has unexpectedly emanated from the North. Until the June 2000 summit, North Korea had always been a vociferous opponent of U.S. bases in the South. At that summit, however, Kim Jong Il purportedly expressed the view that it would be beneficial for a unified Korea to retain a U.S. military presence in order to fend off pressures from Korea’s larger neighbors, China, Russia, and Japan. Although this makes sense from a realist perspective (as a strong but distant power, the United States would be an ideal ally for a unified Korea), it also represents an extraordinary statement on the part of the world’s last Stalinist regime—one

that has previously been vituperative in its stance toward the U.S. military presence in South Korea.\textsuperscript{11}

Whatever the North Korean view may be, the United States may in any case have to deal with Chinese opposition to its troops in South Korea. To be sure, China has not officially demanded that the United States withdraw its forces from South Korea after a Korean unification or reconciliation. It has, however, demanded that remaining U.S. forces be used only for bilateral contingencies and not for operations that could support other regional contingencies—e.g., a crisis over Taiwan. Even if its security concerns might be addressed, China would likely prefer not to have U.S. forces stationed in Korea. As a result, depending on how unification or reconciliation was accomplished, China might attempt to make the withdrawal of the U.S. military a quid pro quo for its acquiescence to unification.

Indeed, China’s current helpfulness on behalf of Korean reconciliation\textsuperscript{12} may well be motivated by a desire to force an abandonment of the U.S. military presence in South Korea. Beijing may even hope that such a result would place U.S. access to Japanese bases in doubt as well,\textsuperscript{13} thereby greatly complicating any possible U.S. response to a Chinese use of force against Taiwan.

China may also play a critical role in determining the manner in which unification or reconciliation is achieved. At least two factors

\begin{itemize}
  \item \textsuperscript{12}For example, the arrangements for the June 2000 Pyongyang summit were negotiated in Beijing. In addition, China’s encouragement of economic reform in North Korea has probably contributed to the current North Korean policy of seeking southern investment.
  \item \textsuperscript{13}For example, a \textit{People’s Daily} “news analysis” (Ma Shikun and Zhang Yong, “The United States Makes Quicker Adjustment to DPRK Policy,” \textit{Renmin Ribao [People’s Daily]}, June 24, 2000, p. 3, reprinted as \textit{Analysis of U.S. Adjustment to DPRK Policy}, FBIS-CHI-2000-0624) suggests that Korean reconciliation could undermine “U.S. strategic interests in Asia”:

  The U.S. government and military have said that they will not hastily withdraw the ROK [Republic of Korea]-based U.S. troops and shut down the military bases, but \textit{the development of the situation is something independent of the United States’ will}. Besides, once reconciliation has been achieved on the Korean peninsula, the ROK-U.S. and Japan-U.S. military alliances will lose their archrival and the grounds of existence, and \textit{U.S. strategic interests in Asia will be challenged} [italics added].
\end{itemize}
could be important in this regard. First, if unification involved some military action, obtaining China’s acquiescence to forestall any Chinese interference would presumably be an important policy objective. Achieving this objective might require some understanding with the Chinese concerning the role of U.S. forward-based forces in a unified Korea. For example, it might be advisable to agree that no U.S. forces would be permanently based in the former North Korea.

Any decision on the continued stationing of U.S. forces would also be greatly affected by the status of relations between Korea and China. If those relations were good, Korea would seek some way to reassure China concerning any continued U.S. presence, perhaps by limiting such presence to the southern part of the peninsula. Conversely, if relations with China were bad, Korea would have a greater stake in retaining U.S. forces on its territory, if only as an indicator of U.S. commitment to its defense. How vigorously China would oppose continued U.S. basing would then depend on the future status of Sino-U.S. relations.

At the same time, however, a unified Korea is more likely to view Japan as its main regional rival—and perhaps even as a security threat. Again, much will depend on the circumstances of Korea’s unification and on whether Japan is seen as hostile to it. In addition, Japan’s reaction to South Korea’s inheritance of the North’s missile and nuclear programs could play a pivotal role. A unified Korea with nuclear and missile programs, backed by South Korea’s economic strength, would form the basis of a significant military force and would thus raise concerns in Japan. This, together with historical antagonisms that have not been fully resolved, could lead to worsening relations between Korea and Japan and to a concomitant tendency on Korea’s part to seek improved relations with China.

If the postunification relationship between Japan and Korea turns out to be a troubled one, the United States, as the closest ally of both countries, would find itself in a challenging situation. From a realpolitik perspective, one might argue that this could have some advantages in that it could provoke each country to “bid” for U.S. support against the other. Handled deftly, the situation could thus prove advantageous to U.S. interests, as both countries could be more willing to provide access to U.S. forces and to respond favorably to U.S. requests in order to ensure that the United States did not
“tilt” toward its rival. On the other hand, the result could just as easily be disappointment and resentment on the part of each country at U.S. unwillingness to take its side of the quarrel.

As a practical matter, however, this situation would be difficult to manage, since popular resentment in each country would probably be high whenever the United States took an action that could be construed as favoring the other side. Thus, a more favorable outcome for the United States would be a Korean-Japanese rapprochement that ensured that the United States would not be caught between the two entities. Some progress has already been made along these lines. In October 1998, for example, the Japanese delivered their most complete apology to date for their colonial activities in Korea. Similarly, in 1999, Japan and Korea conducted their first joint naval exercise involving “a maritime search aid rescue drill for peaceful purposes.”

Finally, given its overall weakness, Russia is not likely to be a major factor in any calculation of Korea’s security threats and interests. That could change, however, if the Russian economy were to recover and were Russia to rebuild its military might, especially in the Far East. This would give Korea more flexibility in balancing among the “whales” in whose midst it must continue to live.

Of the four major powers with which Korea must concern itself—China, Russia, Japan, and the United States—the United States stands out as being the most powerful and the farthest away. Thus, the United States is Korea’s most desirable ally if the Koreans have confidence in its staying power. As an ally of the Republic of Korea (ROK) against North Korea, the United States has proved its reliability over time. In the more fluid environment that might follow Korean reunification or reconciliation, however, the United States might appear to have a lesser stake in the future of the Korean peninsula and hence be less likely to remain a reliable ally.

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THE U.S.-JAPAN ALLIANCE

North Korea’s nuclear and missile programs, as well as China’s military modernization, confront Japan with a host of new security challenges. The most fundamental question, however, is whether Japan will continue to rely on U.S. protection against these new threats as it did with respect to the Soviet threat during the Cold War. In addition, the mere passage of time and generational change may weaken the antimilitarism that has characterized Japanese public opinion during the post–World War II period. Occasionally politicians or others give voice to the sentiment that Japan’s reliance on the United States should come to an end. Japan may thus be facing some major strategic decisions in the next decade.

To be sure, Japan has already begun to build up its military strength in response to the challenges noted above and has been willing to become more active militarily. It has participated in U.N. peacekeeping operations (PKO) and has been more forceful in its attitude toward North Korean intrusions into its territorial waters. The key question in this regard, however, is whether Japan’s military buildup and increased willingness to contemplate the use of military force are occurring within the context of the U.S.-Japan alliance or as a step toward breaking free of that alliance. Thus far, it would appear that the former is the case, with the United States tending to encourage these Japanese activities.

At the same time, the Japanese may well be concerned either that the United States may wish to reduce its commitment to the region or that Japan might face a threat against which the United States would not prove a reliable ally. The belief that U.S. intelligence failed to alert the Japanese about the 1998 North Korean missile launch, for example, raised doubts in Japan about U.S. reliability and provided an impetus for the authorization of funds to procure four reconnaissance satellites. Further incidents of this kind could encourage Japan to take on a greater burden for its own defense. In addition, the Japanese may believe that a unified Korea could not only pose a security challenge but could provoke conflicts in which the United

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15Even within the context of the alliance, Japan could come to play a more active role in international affairs; in particular, the alliance itself could evolve in a way that gives Japan more influence in terms of decisionmaking.
States might be reluctant to take sides. For this reason, it is worth considering the choices Japan would face were it to decide to adopt a more independent national security posture, however remote such a possibility may be.

Given its economic strength, Japan could elect to become a major military power capable of defending itself and its sea lines of communication (SLOCs). This course of action would, however, have serious drawbacks—for not only would the attendant economic sacrifice be great, but the increased military expenditures it would involve would come on top of the large financial demands Japan currently faces in dealing with its aging population and shrinking labor force. Assuming that it would be unable to cope with the cultural shock involved in accepting large numbers of immigrants, Japan would thus face the necessity to conserve on manpower in both the economy and its military—a goal that, although attainable, would require widespread economic reform and large investments in labor-saving technology for both the economy and the military.

In addition, the pursuit of an independent national security policy would probably require the acquisition of nuclear weapons—if not openly, at least on the Israeli model. Although one could argue that the nuclear option could save Japan money (as compared to trying to achieve a comparable capability by conventional means), it would be very costly from a political standpoint both domestically and in terms of Japan’s relations with other East Asian and Southeast Asian states.

Even if Japan were willing to expend the necessary economic and political resources on the development of its military forces, it would have to make still other changes to bring its military strength in line with its economic prowess. Aside from the constitutional issue, for example, its Self-Defense Agency would have to be given the status of a full-fledged ministry, toward which goal either a draft would have to be introduced or steps would have to be taken to raise the prestige of military service so as to attract large numbers of high-quality personnel.

An alternative strategy for Japan would be to seek a *modus vivendi* with China as the region’s rising power. This would not be inconsistent with modern Japanese history, which has twice seen Japan make
an alliance with the predominant power—Britain in the pre–World
War I period and the United States in the post–World War II period—
the bulwark of its security policy. 16  Given China’s residual ill will
toward Japan, however, the latter might find it difficult to reach a
satisfactory modus vivendi with China; 17 presumably, such an un-
derstanding could come about only as a result of a traumatic event
that led the Japanese to lose all faith in U.S. support.  On the other
hand, China would have a great deal to gain from such an arrange-
ment (e.g., relatively unfettered access to Japan’s world-class techno-
logical capability), and thus a pragmatic Chinese leadership might
well prove willing to suppress its—and its population’s—anti-
Japanese sentiments in order to facilitate an understanding with
Japan.

The formation of such a relationship would, however, deal a fatal
blow to U.S. political and military influence in East Asia.  Presum-
ably, for example, such a relationship would lead to the expulsion of
U.S. forces from Japan and would place potentially insurmountable
pressure on U.S. bases in Korea—assuming that such bases had not
already been eliminated.  As part of the deal, Japan would probably
be required to go beyond its current “One China” policy and put
additional pressure on Taiwan to accede to reunification.  The result
could be a loss of confidence on Taiwan, which would result in its ac-
ceptance of reunification on the best terms it could get.

Finally, Japan could attempt to balance Chinese power by seeking
out other allies in the region, the most obvious of which would be
India, Vietnam, and, depending on circumstances, perhaps a unified
Korea (although Korea might prefer to remain equidistant from both
China and Japan or even to “tilt” toward China).  India might be
tempted to seek closer relationships, if not alliances, with other Asian
powers were it to see the need to balance Chinese power.  In the ab-
sence of a strong tie to the United States, the Indian navy would ap-
ppear to Japan as an important factor in securing (or threatening) its
vital SLOCs to the Persian Gulf.

16Perhaps the same idea lay behind the Tokyo-Berlin-Rome axis of the 1930s, but in
this case Japan miscalculated.
17In addition, it should be noted that Britain and the United States are distant liberal
states, whereas China is a neighboring authoritarian one; reliance would thus be a
more risky proposition in any case.
However, even assuming—as seems likely—that Japan does not make any major change in its national security strategy, the United States must consider the effects that Korean reconciliation, and concomitant pressure on U.S. military bases in South Korea, could have on U.S. military access to Japan. There could be some difficulties concerning U.S. bases in the aftermath of Korean unification, not least if the United States had to remove its forces from Korea. Japan might not wish to be the sole host of U.S. military forces in the region, and the disappearance of the North Korean threat might lead popular opinion to suppose that U.S. forces no longer had a role to play in Northeast Asian security.

**ADJUSTING TO THE EMERGENCE OF CHINA**

Assuming that China’s economic, technological, and military development proceeds on its current course, its potential threat to the United States and its interests will rest on two major factors: first, the evolution of the Taiwan issue, and second, whether a more powerful China will seek to reduce U.S. influence and presence in East Asia.

The Taiwan issue seems capable of becoming more contentious and dangerous over time in that Taiwanese society is evolving in a direction unfavorable to unification while Chinese nationalist sentiments appear to be growing stronger. Beijing insists that Taiwan adopt China’s definition of the One China formula and also regards the issue of reunification as potentially vital to the continuation of communist rule. Taiwan, for its part, exists in an uneasy in-between world: A vibrant new democracy with a booming economy, it treads a fine and dangerous line while sustaining its separation from China. The mainland, meanwhile, has made it quite clear that it retains the option of employing military force to effect reunification. Even if violence is averted, the issue will thus remain a volatile one.

Of course, even a “straight line” projection might yield unanticipated results. Economic factors, for example, could work to bring the two societies closer together by leading the benefits of economic cooperation to outweigh political differences. Even more optimistically,

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18The question of whether China will in fact emerge as a great power is discussed in detail in Appendix B.
favorable changes in China in the direction of greater openness, democracy, and respect for human rights could weaken Taiwanese distrust and pave the way for a peaceful settlement.

Quite apart from this issue, China’s declared preference in the international arena is that the world move toward multipolarity—i.e., that U.S. power and influence, viewed in China as excessive, be “cut down to size.” Thus, although the Chinese probably recognize that the United States will remain the world’s dominant power for the foreseeable future, their hope will continue to be to constrain the exercise of U.S. power in Asia. As a result, China will presumably work to limit U.S. military basing and access in East and Southeast Asia while seeking to dilute U.S. ties to alliance partners such as Japan and South Korea as well as to a unified Korea.

At the same time, it is not clear whether these policies would in the long run be in China’s interests. Weakening the U.S.-Japan alliance, for example, could easily lead Japan to pursue a more independent geopolitical course. If deprived of U.S. support, Korea too could increase its military power, perhaps to include the acquisition of nuclear weapons. More generally, multipolarity would imply that both India and, if it recovers, Russia would become potential rivals of China. India has, in fact, already embarked on a course of pursuing great-power status—and although Chinese observers do not list India among the “poles” of a future multipolar system, it is hard to see how China could prevent that from occurring. In a similar manner, the current era of good Sino-Russian relations rests both on Russian weakness and on Russia’s and China’s common opposition to U.S. “hegemony.” Yet in a multipolar setting, a revived Russia and China could easily become competitive. The possible risks of a multipolar world thus suggest that the alternative option of a “strategic partnership” with the United States might have its attractions for China.19

19A real strategic partnership would imply a willingness on the part of both countries to cooperate closely in dealing with major world issues. Aside from the joint statement issued by the two countries following the South Asia nuclear tests (“Joint Statement by Chinese and U.S. Heads of State on the South Asian Issue, 27 June 1998, Beijing,” Xinhua, June 27, 1998, reprinted in FBIS-CHI-98-178), it is difficult to find publicly known instances of even ostensible cooperation on a major international issue, although it is often claimed that China has, at various times, placed helpful (from a U.S. standpoint) pressure on North Korea with regard to nuclear weapons and ballistic missile issues.
the moment, however, China’s preference for multipolarity and hence for bringing the United States down in power terms from superpower to great-power status appears to remain firm.

How the rest of Asia will adjust to increased Chinese power is perhaps the single most critical question weighing on the future regional security environment. From a theoretical perspective, the fundamental choice for China’s neighbors would appear to be between “balancing” and “bandwagoning”—that is, between seeking allies to help resist any pressure China might apply, on the one hand, and on the other aligning with China in the hope that the required accommodation to Chinese interests will not be too costly and that Chinese friendship will benefit other national security interests.

The perceived reliability of the United States as a potential ally and “balancer” will have a pivotal effect on the strategic choices of China’s neighbors. As a potential ally and balancer, the United States has two crucial advantages: It is powerful, and it is far away and hence less likely to be seen as a direct threat. On the other hand, regional states may believe that the United States is unlikely to remain militarily engaged in Asia over the long term and may thus fear that too heavy a reliance on the United States will make them vulnerable to potential U.S. pressures in other areas such as human rights and trade policies.

Most regional states, however, do not see the situation in such stark terms. At least in the short run, for example, they do not see China as an imminent threat and may well believe that China will be unwilling or unable to throw its weight around in the region at any time soon. Indeed, during the 1990s China’s behavior was generally conciliatory, with the major exceptions of (1) its 1995 occupation of Mischief Reef, and (2) the military exercises and diplomatic efforts it has undertaken to pressure Taiwan.

To be sure, the first event did produce a major reaction in the region, when the Philippines raised the issue with its ASEAN allies. Up to that point, China’s claims to the South China Sea had been forcefully

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20 China’s neighbors may also seek to increase their own military power; however, except for Russia, India, and Japan, China’s neighbors cannot hope to be able to stand up to a powerful China on their own.
vindicated only against Vietnam, and the other claimants may have felt that they were immune to Chinese pressure. The Mischief Reef incident thus served as something of a “wake-up” call for Asia even though its long-term effects remain uncertain. On May 16, 2000, the Chinese foreign minister agreed with his Philippine counterpart that the two sides “will contribute positively toward the formulation and adoption of the regional Code of Conduct in the South China Sea.”

This appeared to augur well in that China’s usual stance has been that disputes over the South China Sea should be settled bilaterally rather than in multilateral forums (where the Chinese power advantage over any one other claimant would be diluted). It is unclear, however, whether this agreement represented a change in Chinese policy or merely a tactic to defuse tensions in the South China Sea in the wake of further Chinese construction on Mischief Reef in 1998.

Chinese military pressure against Taiwan in 1996 prompted the United States to send two aircraft carriers to the region but elicited little public support from Asian countries. Since then, the Chinese white paper of February 21, 2000 (entitled “The One China Principle and the Taiwan Issue”), which restated China’s claim that it is entitled to use force against Taiwan and officially extended the circumstances that might trigger the use of force to include Taiwanese refusal “sine die” of the peaceful settlement of cross-Straits reunification through negotiations, has put this issue back on the front burner.

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23 China had previously implied (and perhaps stated unofficially) that it would use force against Taiwan if Taiwan sought to perpetuate its current status of de facto independence by refusing “over a long period of time” to negotiate on reunification. See Roger Cliff, “China’s Peaceful Reunification Strategy,” American Asian Review, Vol. 14, No. 4, Winter 1996, p. 100. It appears, however, that China had not previously stated this condition in such an authoritative manner.
The publication of the white paper has led to some speculation that Beijing may set an internal deadline for the recovery of Taiwan, perhaps before 2010. If there is any truth to this speculation, the next decade may see forceful Chinese actions with respect to Taiwan that could have a major effect on the policies of regional states.

Despite the escalation of this war of words, it remains unclear how regional states might react to a Chinese use of force against Taiwan. It is possible that, as noted, such states might regard Taiwan as a special case and hence might not view the use of force against it as a sign of more general aggressive tendencies on China’s part—i.e., as tendencies that could hurt them in the future. Even if this were the case, however, the regional states would carefully monitor U.S. reaction. Failure on the part of the United States to react, for example, might be attributed to an unwillingness to risk a military conflict with China. If this were so, then America’s failure to react could have devastating effects on U.S. credibility in the region and might lead regional states to believe that they had no choice but to seek accommodation with a rising China. The United States could then find itself in a dilemma in which regional states were unwilling to support U.S. action to defend Taiwan but would react adversely to U.S. failure to support Taiwan.

Beyond the immediate sovereignty issues with respect to the South China Sea and Taiwan, many regional states wonder whether a strong China might not have additional ambitions. Over its history, the People’s Republic of China (PRC) has made territorial claims on many of its neighbors. In the case of India, no territorial settlement has been reached, although the land border has been quiet and the

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24See, for example, Willy Wo-Lap Lam, “Deadline Debated as Taiwan Stakes Raised,” *South China Morning Post*, February 22, 2000.

25Rather than to a principled adherence to a One China policy. In particular, it might make a significant difference how China itself interpreted the U.S. failure to react. To the extent that, as seems likely, China attributed U.S. restraint to a weakness of will, fear of confronting China militarily, concern about damaging economic interests relative to China, and the like, other regional states would be likely to do so as well. In any case, they would have to be concerned that China would be less likely to be deterred from any action in the region by fear of U.S. resistance.

two sides have agreed to abide by the current de facto border. In addition to the conflicting claims in the South China Sea, maritime territorial disputes still exist with Vietnam and Japan. In the cases of Vietnam, Burma (Myanmar), and the states of the former Soviet Union, formal agreements settling the various disputes over land borders have been reached or appear to be close at hand. In the long run, regional states may fear that a strong China might revive and prosecute some of these claims. In addition, a strong China might wish to acquire a “sphere of influence” in East Asia—i.e., a position of influence such that neighboring states felt obliged to take its interests into account in making any major national security decisions.

Be this as it may, most of the states in the region appear to regard any such Chinese threat as a matter for the longer term—i.e., as something that need have only a minor influence on their policies for the present. India and Japan may constitute partial exceptions to this generally relaxed posture concerning China’s status as a potentially rising power. The Indian nuclear tests of 1998 were explicitly linked by senior Indian officials to Chinese military power. Indian ballistic missile developments also seem to be explicable only in this context. The ranges of the new Indian ballistic missile are greater than those required for targeting Pakistan. The Agni series of missiles, for example, will eventually be able to reach Beijing with a nuclear warhead. On the other hand, such posturing may reflect India’s sense of its own future as a great power with an autonomous foreign policy rather than any settled suspicion of or hostility toward China. Yet potential difficulties remain in the Sino-Indian relationship, as discussed at greater length later in this chapter.

In the case of Japan, there seems to be a heightened sense of a potential challenge from China as well, perhaps reflected most clearly in the revised U.S.-Japan Defense Guidelines that followed in the wake of Chinese military pressure against Taiwan. Indeed, Japan has perhaps two related worries on this score: increasing Chinese power and the fear that, under some circumstances, China could achieve a status such that U.S. relations with China might compromise Japanese interests. To some extent, the revision of the defense
guidelines addressed both concerns by emphasizing the importance of the Japanese relationship to the United States.\(^{27}\)

On the other side of the equation, some regional states may be more tempted to “bandwagon” with China. Aside from Pakistan, which relies on China for support against India, the main states that might fall into this category are Thailand, Russia, and perhaps South Korea. Historically, the Thais have not seen China as a threat. Thailand has no claims in the South China Sea, and in contrast to other Southeast Asian states, the ethnic Chinese community in Thailand is well integrated into Thai society. In addition, the Thai-Chinese relationship has a strategic component: After Vietnam’s invasion of Cambodia, Thailand cooperated with China in opposing Vietnamese regional hegemony and, in doing so, became a conduit for logistical support of the anti-Vietnamese forces in Cambodia. On the other hand, Vietnam’s withdrawal from Cambodia and its entry into ASEAN diminished the strategic rationale for Thai-Chinese security cooperation. At the same time, China’s expanding military ties with Burma and possible Chinese use of Burmese facilities on the Indian Ocean have created some concern in Thailand.

Thus far, Russia has for its part seen China more as a potential ally and business partner than as a threat. In the global context, both countries have focused on U.S. preeminence as their key concern and hence have seen each other as strategic partners—at least at the rhetorical level—against U.S. “hegemony.” In addition, China has the hard currency with which to purchase weaponry from Russia, thus helping keep Russian arms producers afloat. Finally, the two countries share similar concerns over the threat of Islamic fundamentalism both with respect to separatist movements on their own territory in Chechnya and Xinjiang and with respect to the Central Asian nations.\(^{28}\) Thus, in the near term at least, Russia probably does not have any reason to be concerned about increasing Chinese power. In the long run, however, it would have to wonder whether

\(^{27}\)See Appendix A for a more detailed discussion of this point.

\(^{28}\)See Mark Burles, *Chinese Policy Toward Russia and the Central Asian Republics*, Santa Monica: RAND, MR-1045-AF, 1999, Chapter 3, for a discussion of Sino-Russian relations with respect to Central Asian issues.
the demographic pressures created by the difference in population density on the two sides of the border might not cause difficulties.\textsuperscript{29}

The most interesting case is that of South Korea. South Korea’s establishment of diplomatic relations with China in 1992 put pressure on the North Korean regime and suggested that China could provide a useful avenue of approach toward reconciliation or even unification (although one could easily argue that Korean unification is not in China’s interests). For example, the initial secret negotiations that led to the June 2000 summit took place in Beijing and Shanghai. In addition, Kim Jong Il’s surprise secret visit to Beijing was closely followed by the summit itself. As the country with the greatest influence on North Korea, China is obviously important for the South, and its goodwill is worth cultivating. As long as South Korea follows a policy of seeking better relations with the North, it would seem to have a strong incentive to maintain good relations with Beijing as well.

Another interesting case is that of Vietnam. Historically, Vietnam has seen China as the major threat to its security—and with the expulsion of the United States from Vietnam in 1975, this historic pattern recurred with a vengeance, culminating in China’s 1979 invasion. At the moment, both sides are working to improve relations and have resolved their dispute concerning the land border. The maritime disputes, which concern both the division of the Gulf of Tonkin and conflicting claims in the South China Sea,\textsuperscript{30} have been put on the back burner as well. In the long run, however, it is hard to believe that Sino-Vietnamese relations will remain untroubled. Vietnam’s interest in rapprochement with the United States, despite its leadership’s concerns that any type of opening or reform will endanger its domestic political control, seems to attest to an abiding suspicion of China.

Most of the remaining states of the region tend to be wary of China but are far from having decided to adopt an anti-Chinese posture.

\textsuperscript{29}Burles (1999), p. 45, summarizes this issue.

\textsuperscript{30}These led China to use force in 1974 and 1988 over the Paracel Islands and the Spratlys, respectively. The forces the Chinese ousted from the Paracel Islands in 1974 were South Vietnamese; presumably the Chinese wished to secure those islands before they were inherited by North Vietnam.
China’s action in building permanent structures on Mischief Reef has led the Philippines to reverse course with respect to military ties with the United States, resulting in the signing of a visiting forces agreement (VFA) on February 10, 1998.

Thus, while the emergence of China probably represents one of the most important trends affecting Asia’s future security environment, we are still in the very early stages of this development, and it is too soon to tell what its major implications will be. Nevertheless, under the surface, regional states will be at least quietly assessing Chinese political-military developments and considering their options.

INDIA’S FUTURE ROLE

One of the largest uncertainties in the region is whether India will be able to emulate China’s sustained economic dynamism, thereby laying the foundation for an expanded political-military role. Compared to China, India has many advantages that could well enable it to become the region’s next economic success story. It has a vigorous high-tech sector supported by high-quality academic institutions; it enjoys a functioning legal system that can protect property rights; it will not face an aging-population problem in the next two decades or a gender imbalance over the longer term; and, most important, it has a political system that is not threatened by opening up to the world. Although India faces a large task in privatizing various state-owned industries, it does have the legal infrastructure in place for doing so. Moreover, unlike China, India need not be concerned that increasing links to the rest of the world and growing prosperity will place potentially fatal stresses on its political system; if anything, such forces could be expected to strengthen India’s democracy.

Still other recent developments bode well for India’s continued growth. In the early 1990s, for example—in the face of a foreign exchange crisis—the Indian government began an economic reform process that has led to increased rates of growth (about 5.5 percent annual GNP growth over the period 1988–1998). By the end of the 1990s, India had made its mark in the global software market, with

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several of its new software companies having become highfliers on Wall Street. Lured by the opportunities created by this economic reform, entrepreneurial members of the Indian diaspora, including the hugely successful Indian population of Silicon Valley, have been investing their effort and money in developing India’s high-technology sector.

On the other hand, India faces a number of disadvantages that could prevent it from attaining China’s level of economic success. Its basic educational system is not well funded, and literacy rates are lower; it has not overcome the effects of the caste system; it is subject to internal strains and secessionist tendencies that have the potential to cause more disruption than similar problems in China (e.g., Tibet and Xinjiang); and, most important, its leadership has followed a less pragmatic economic policy. Although India has embarked on a path of economic reform, it has not done so as decisively as has China over the past two decades, in part because of the populist pressures surfacing in its democratic system. It is hard, for example, to imagine an Indian leader echoing Deng Xiaoping’s sentiment that “it doesn’t matter whether the cat is black or white as long as it catches mice.” As a result, foreign direct investment in India totaled $2.2 billion in 1998, well below Chinese levels. In a similar manner, India’s democratic system—while an advantage in the long run—stands in the way of many reforms that make economic sense. Thus, it remains to be seen whether the Indian reform process will culminate in a dynamic economy that enjoys East Asian–style rates of growth.

In any case, if India’s economic and technological development can be sustained and accelerated, India should be in a position to claim a larger role for itself in world affairs. One possible way in which this claim might find expression would be in a campaign to obtain permanent membership (with veto power) on the U.N. Security Council. It is unclear whether the question of India’s status with respect to the Nuclear Non-Proliferation Treaty (NPT) will become a major obstacle to achieving this goal (as well as to improving U.S.-Indian rela-

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33“India’s Economy,” The Economist, March 4–10, 2000, p. 72.
tions). Presumably, India would like to see its status as a nuclear weapon state accepted in the eyes of the international community (although if its economy “takes off,” this may prove to be irrelevant for most practical purposes)—and this would seem to imply some modification of the NPT to include India as a nuclear weapon state. It is not clear, however, that this is possible, as it would require Chinese agreement, or even that the United States would favor it. In the absence of such a step, however, India’s possession of nuclear weapons could be a continuing irritant and thus serve as an impediment to India’s emergence on the world stage as a recognized and accepted great power.

During the Cold War, India’s orientation toward the Soviet Union defined its relationship with the United States. Since the end of the Cold War, India has to some extent been left out in the cold and, as the rhetoric surrounding its nuclear tests indicated, has been concerned about its potential military imbalance in relation to China. Thus, the incentive exists for a closer relationship with the United States.

As the Indian nuclear tests of 1998 suggest, it would seem likely that India will maintain a wary posture toward China. Whether this posture will degenerate into outright political-military competition, however, is less clear. India will most likely continue to develop its nuclear deterrent capability vis-à-vis China—and while the Chinese will not like this (they reacted vociferously to India’s 1998 nuclear tests), their options for dealing with it would appear to be limited. In any case, India’s goal will probably be merely to establish a credible deterrent against any Chinese attempt to use nuclear blackmail against India—a goal that may not in itself threaten any vital Chinese interests. Overall, China’s reaction to India’s ongoing nuclear and ballistic missile development programs may thus be muted.

Aside from India’s development of a nuclear deterrent posture targeted primarily against China, there are several other possible areas of contention between the two powers. These include:

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34See Ashley J. Tellis, India’s Emerging Nuclear Posture: Between Recessed Deterrent and Ready Arsenal, Santa Monica: RAND, MR-1127-AF, 2001, for a discussion of India’s nuclear posture.
The border issue has been quiescent since the “peace and tranquillity” agreement was signed in September 1993, according to which both India and China agreed to respect the “Line of Actual Control” (LAC) pending a final settlement.\(^\text{35}\) This implies a recognition of Chinese claims in the west (Ladakh area) and Indian claims in the east (Northeast Frontier Agency). Although no final settlement of these conflicting claims has yet been reached, it seems unlikely that this issue will flare up again unless one of the countries decided to raise it for other reasons. Thus, any future border conflict is likely to be a symptom rather than a cause of strained Sino-Indian relations.

One of the more likely possible causes of political-military rivalry between China and India would be continued Chinese pursuit of a significant presence in Burma. Burma’s pariah status, which is due to the oppressive rule of its military junta, has rendered that country vulnerable to Beijing’s blandishments. According to one observer, it has given obeisance to China in exchange for its independence and minimal intervention in its internal affairs. However, arms transfers and economic ties have dramatically increased China’s influence within Burma. In fact, a few years of trade and military aid have turned the non-aligned state of Burma into China’s client state—an objective which the three decades of Beijing-supported insurgency and Burmese Communist Party’s armed struggle failed to achieve.\(^\text{36}\)

Neighboring states have reacted to this development in several ways. In 1997, for example, Burma—despite the unsavory character of its


regime—was tentatively approved for membership in ASEAN. In India, the “Look East” policy was adopted, partially as a response to China’s interest in Burma, as a means by which India could seek to enhance its ties with the Southeast Asian nations. One should probably expect to see an ongoing Sino-Indian rivalry for influence in Southeast Asia, with Vietnam leaning toward India, Thailand toward China, and Burma caught in the middle. The fact that several members of ASEAN have claims in the South China Sea that conflict with China’s could give India an advantage in this competition, but the predominant goal of the Southeast Asian states (with the possible exception of Malaysia) will probably be to balance China and India against each other to prevent either from obtaining too much influence.

In the wake of the Indian nuclear tests in 1998, the official Chinese press carried several blasts against India’s supposed policy of becoming the “regional hegemon” in South Asia. Indeed, over the years China has often sought to help South Asian states resist Indian influence and power, most notably in the case of Pakistan. In particular, the Chinese facilitated the Pakistani nuclear program with transfers of key equipment.

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37 This is discussed in greater detail in Appendix D. Sino-Indian rivalry in Southeast Asia is not a new phenomenon. In particular, India’s friendship with Vietnam has been of significance in this regard. Interestingly, India’s foreign minister (now prime minister), Atal Behari Vajpayee, was visiting Beijing when the Chinese attacked Vietnam on February 17, 1979; this visit marked a thaw in the two countries’ relations, which had been strained since their 1962 border war. China’s ability to achieve tactical surprise (despite the fact that it had been broadcasting its intention to “punish” Vietnam) may have depended in part on the fact that Vietnam did not “[expect] China to spoil this new thaw by mounting an attack on India’s friend Vietnam while Vajpayee was still in China. In fact, Hanoi was so confident that on February 16 Premier Pham Van Dong, along with Chief of Staff Van Tien Dung and other senior leaders, had left for Phnom Penh on a four-day visit. See Nayan Chanda, *Brother Enemy: The War After the War*, San Diego CA: Harcourt Brace Jovanovich, 1986, p. 356.

38 For example, an article in the People’s Liberation Army (PLA) newspaper claimed that the objectives of India’s strategy were “to seek hegemony in South Asia, contain China, control the Indian Ocean and strive to become a military power in the contemporary world.” See Liu Yang and Guo Feng, “What Is the Intention of Wantonly Engaging in Military Ventures—India’s Military Development Should Be Watched Out For,” *Jiefangjun Bao (Liberation Army Daily)*, May 19, 1998, p. 5, reprinted in FBIS-CHI-98-141, May 21, 1998.
In yet another case, China tried unsuccessfully to help one of the states on the Himalayan border, Nepal, gain more international autonomy from India. After Nepal turned to China to buy arms that India had refused to sell it, India imposed a partial trade blockade on land-locked Nepal and eventually forced it to reaffirm its subordinate status.\(^39\) Similarly, China has not recognized the 1975 incorporation of Sikkim into the Indian Union, a failure that occasions complaints in the Indian media.\(^40\)

In general, however, China has been careful not to push too far in its South Asian activities and has not been willing to actively encourage India’s neighbors to resist its influence.

Finally, there is the question of Tibet. Upon obtaining independence from Great Britain, India at first appeared to wish to inherit Britain’s position of influence in Tibet. Prime Minister Nehru, however, acquiesced in the Chinese invasion of Tibet in 1950 and recognized Tibet as an integral part of China. Following the Tibetan revolt of 1959 and the flight of the Dalai Lama, India provided a refuge for the Tibetan religious leader in Dharmsala but has prevented him from engaging in high-profile political activities in India. India has also decided to grant refuge to the 17th Karmapa—a 14-year-old who, prior to his escape to India in February 2000, had been the highest-ranking Buddhist religious figure residing in Tibet to be recognized both by the Dalai Lama and by the PRC—despite Chinese warnings against doing so.\(^41\) China is thus likely to regard India’s attitude toward Tibet as potentially troubling—and while India has not taken any action to destabilize Chinese rule in Tibet, the mere presence of major Tibetan religious figures on Indian territory provides some support for the forces of Tibetan resistance to Chinese rule. If the Tibetan resistance

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\(^41\)In March 2000, Chinese Foreign Ministry spokesman Zhu Bangzao said at a press briefing that “the Indian government should tread carefully on granting asylum. India should proceed from the overall interest of bilateral relations and handle this issue prudently and properly.” See “China Says Dalai Lama Using Escaped Karmapa for Own Purpose,” Beijing, Agence France-Presse, March 9, 2000.
should become stronger and more active in the future, it could lead to a worsening of relations between China and India.

Underlying all these issues is the question of how the two countries will see their future relationship. India believes that the relationship should be one of equals. China, on the other hand, tends to regard India as distinctly inferior. At present, the “world community” implicitly sides with China in this dispute: China is a permanent member of the U.N. Security Council and a recognized nuclear power under the terms of the NPT, whereas India is not. A recent review of Chinese scholarship on the question of India’s future suggests that there is a wide variety of opinion concerning India’s future importance. In general, however,

India’s economic reforms are judged insufficient to catch up with China and enter the multipolar world as a sixth pole. India’s CNP [comprehensive national power] scores for 2010 place it no higher than number nine [Academy of Military Sciences] or thirteen [Chinese Academy of Social Sciences], only about half of China’s CNP score in 2010.  

Regardless of how the Sino-Indian relationship develops, India appears likely to pursue a more active political-military role in the world, of which its nuclear tests in 1998 and its expressed interest in becoming a permanent member of the U.N. Security Council may serve as indicators. Another manifestation of this desire may be more diplomacy with other countries in Asia and the Middle East. India’s Look East policy of closer relations with the nations of Southeast Asia has already been noted. More speculatively, one might envisage that India will look farther afield as well. For example, India and Japan could see a common interest in balancing Chinese influence in the region and in protecting SLOCs from the Middle East. While at present India probably sees Japan’s close ties to the United States as an obstacle to cooperation, that could change either if


__43Nayan Chanda (“After the Bomb,” Far Eastern Economic Review, April 13, 2000, p. 20) claims that “there are signs that an informal security-cooperation chain is forming between India, Japan, and Vietnam.” One focus of Japanese-Indian cooperation has been antipiracy training for the Japanese coast guard and the Indian navy.__
Japan becomes a more independent actor or if U.S.-Indian relations improve. Similarly, India, Iran, Russia, and even the United States share a common concern with respect to Pakistan’s influence in Afghanistan and its support for the Taliban. In general, except for its Cold War friendship with the Soviet Union, India has tended to pursue an independent path and eschew close alliances; this could change in the future if India decides to play a larger role in international politics.

PAKISTAN AS A FAILED STATE?

Although the shape of Sino-Indian relations may be the most significant issue influencing the future Asian political-military environment, the current concern in South Asia centers on relations between Pakistan and India, especially as it is manifested in Pakistani support for the Islamic insurgency in Kashmir. The nuclear tests of 1998 appear to have convinced Pakistan that a nuclear standoff exists between India and Pakistan, thus making the situation safer for lower-level conflict. An example of such lower-level conflict was the invasion, in the spring of 1999, of the mountainous Kargil region of the Indian-Pakistani border by Pakistani-supported forces; ultimately the forces were driven out by a large Indian military effort.

For Pakistan, this type of low-level harassment of India represents its best chance—albeit not a very good one—of gaining control of Kashmir. As long as the indigenous insurgency is not fully suppressed, Pakistan can support it at a low cost to itself while imposing a larger cost on India. While it may seem remote, Pakistan may hope that the victory over the Soviets in Afghanistan can be duplicated in Kashmir. In any case, the struggle in Kashmir provides a rare point of unity for Pakistan, and it employs Islam-inspired guerrilla warriors who might otherwise cause trouble in Pakistan itself—a nation in which Islamic fundamentalism is gaining in political influence.

In the past, India has adopted a defensive stance toward this sort of Pakistani harassment. A repetition of the Kargil incident could, however, lead India to consider whether a more forceful response might not be advisable to solve the problem once and for all. Some observers have argued that we may be seeing the beginning of a major change in opinion in New Delhi, from a relatively relaxed posture
toward Pakistan to one that actively questions whether the stability of Pakistan is in India’s interests.

This view could be bolstered by a sense that Pakistan may in any case be on its last legs. The current military government may be Pakistan’s last chance to get its economic house in order; while some positive steps were initially taken, the pace of reform seems to have slowed. If the military government fails, separatist and Islamic forces are in the wings. A failing Pakistan might both invite and compel India to react more forcefully to the next Kargil episode.

In contrast to the situation in Kashmir, Pakistan has been more successful in Afghanistan, where its backing of the Taliban has enabled it to take control of almost the entire country. However, most of Afghanistan’s other neighbors remain suspicious of the Taliban and fearful that its religious extremism will harm their stability; indeed, even Iran is hostile. Thus, Pakistan’s success in Afghanistan has had the effect of furthering its isolation and providing Russia, China, Iran, and the Central Asian states with a motive for uniting in opposition to it.

THE FUTURE OF RUSSIA

The Asian region could also be significantly affected by developments in Russia, which tended to disappear during the 1990s as a factor in the Asian security environment. The reappearance of the Russian factor could come about either because of Russian weakness or by virtue of a revival of Russia’s strength. Continued Russian weakness could create a vacuum in the Russian Far East, leading either to encroachments by surrounding countries (such as China) or to secessionist tendencies by local leaders, who would then have to contend with their neighbors on their own. Conversely, renewed Russian strength might lead to a revival of tensions with China and Japan over immigration and border issues.

\[44\] These steps include cracking down on the looting of the nation’s bank by well-connected members of the elite, suppressing sectarian violence, and attempting to reform the economic system.

\[45\] These are discussed in detail in Appendix D.
In any case, now that it no longer represents an ideologically based threat, Russia is capable of acting more flexibly in the region than was the case during the final decades of the Soviet era. An agreement with Japan concerning the disputed Northern Territories (although not reached during Russian President Vladimir Putin’s visit to Tokyo in September 2000)\(^\text{46}\) could allow for increased economic interaction involving Japanese investment and exploitation of the natural resources of the Russian Far East. With respect to China, Russia shares some common concerns, including fears regarding Islamic political movements and terrorism as well as displeasure with the predominant global role the United States currently enjoys.

If Russia remains weak, it will probably continue to seek close relations with China, both as a counterweight to the United States and because China could be an important source of funds to keep its military-industrial complex in operation. In the case of a recovering Russia, on the other hand, the economic motive for good relations with China would be smaller.

With respect to the United States, Russia and China share several major concerns. First, U.S. and NATO action in Kosovo seemed to set a precedent that both countries, plagued as they are by unrest in regions populated by ethnic minorities, found troubling. At their summit meeting in July 2000, the presidents of Russia and China emphasized both countries’ opposition to “any attempts to split the country from within or outside the country.”\(^\text{47}\)

Second, both Russia and China oppose any U.S. plan to build ballistic missile defenses, fearing that they would be unable to compete in this new arena and that the value of their offensive strategic nuclear force would be reduced.\(^\text{48}\) Finally, in rhetorical terms at least, both


\(^{48}\)At the July 2000 summit, the two presidents issued a joint statement condemning U.S. missile defense efforts.
countries are committed to the “multipolarization of the world”\textsuperscript{49}—i.e., to the elimination of the preeminent international position now enjoyed by the United States.

In any case, over the longer term Russia must be concerned that the military and demographic imbalance in the Far East could lead to some sort of Chinese pressure against Russian territory there. Demographically, the Russian population of its far eastern territories is relatively small and declining; not only is the total population of Russia decreasing, but with the collapse of the subsidies provided by Moscow, many economically unviable towns and projects in Siberia and the Far East are being abandoned. Across the border is the vastly larger and economically more dynamic Chinese population of Manchuria and the northeast.

In 1993, Russian authorities in the Far East cracked down on illegal Chinese immigration in the region. Since that time, the situation has been quiet, but the raw demographic facts suggest that problems could arise at any time.\textsuperscript{50} Over the years, one would expect that inexpensive Chinese consumer goods would make major inroads into the market in the Russian Far East and that Chinese merchants and traders would come to play a significant if not dominant role in the region’s economic life.

Similarly, in Central Asia, Russian and Chinese interests are largely congruent at the present time. Both countries are concerned with Islamic fundamentalism as a threat to their own territorial integrity in Chechnya and Xinjiang, and both see a threat from growing Turkish influence. The rulers of the Central Asian states themselves are concerned about fundamentalist influences in their own countries and have generally been cooperative with China in fighting Uighur separatism in Xinjiang. In particular, the Central Asian states of Kyrgyzstan, Tajikistan, and Kazakhstan have joined with China and Russia in an informal grouping called the Shanghai Five. In addition,

\textsuperscript{49}PRC Ministry of Foreign Affairs (2000), point III. In this declaration, the push for “multipolarization” was linked to China’s and Russia’s status as permanent members of the U.N. Security Council; this may be a way of dealing with the awkward (for China) fact that Japan would in all likelihood become one of the “poles” in a future multipolar world.

\textsuperscript{50}Burles (1999), p. 45.
both China and Russia have reasons to oppose U.S.-led plans to build a pipeline that could transport Central Asian as well as Azerbaijani oil and gas to the West without transiting either Iran or Russia. Over the longer run, however, Russian and Chinese interests could come into conflict if both sought to increase their influence in Central Asia.

Although these regional issues will no doubt play an important role in Sino-Russian relations, they do not appear—with the possible exception of the question of Chinese demographic pressure on the Russian Far East—to be as important as both sides’ assessment of the overall global balance of power. For the moment, it would thus appear that the desire to create a counterweight to the United States will provide an incentive to both China and Russia for closer ties.

SOUTH CHINA SEA

Southeast Asia lies at the intersection of two of the world’s most heavily traveled SLOCs. The East-West route connects the Indian and Pacific Oceans, while the North-South route links Australia and New Zealand to Northeast Asia. Nearly half of the world’s merchant fleet capacity sails through the SLOCs of the South China Sea and the waters surrounding Indonesia. These SLOCs serve as the economic lifelines by which the economies of Northeast Asia receive oil and other critical inputs and export finished goods to the rest of the world. Moreover, much intraregional trade depends on these waterways. A closure or prolonged blockade of any of the Southeast Asian SLOCs would seriously disrupt shipping markets and international trade.

From a military perspective, these sea lanes are critical to the movement of U.S. forces from the Western Pacific to the Indian Ocean and the Persian Gulf. During the Cold War, maintaining freedom of navigation for U.S. military vessels while denying that same freedom to the Soviet Union in the event of a conflict was the top American strategic objective with respect to these waterways, while facilitating seaborne commerce was a secondary goal. With the demise of a

51 China’s interest in this question is clearly less than Russia’s. Nevertheless, China has no interest in increasing the access of the rest of the world to Central Asian oil.
clear and immediate global military threat, economic considerations have become more salient. Nonetheless, the United States and its regional friends must still pay attention to a range of potential threats, both conventional and nonconventional, to freedom of navigation and SLOCs and must retain the capability to deny freedom of operation to potential adversaries.

The territorial disputes concerning the South China Sea and its islands have been a continuing source of tension in Asia. China and Taiwan claim all the South China Sea, while Brunei, Malaysia, the Philippines, and Vietnam have overlapping claims to some of the islands. The area has seen disputes flare into violence. Confrontations have occurred between China and Vietnam and China and the Philippines on several occasions, between the Philippines and Vietnam, between the Philippines and Malaysia, and between Taiwan and Vietnam.\(^{52}\)

Disputes continue over the islands in the South China Sea because of commercial fishing rights and the possibility of major deposits of oil and natural gas, since those possessing the islands have the right to fish and explore for oil and natural gas in the surrounding waters. Such disputes are also caused by nationalist sentiment and heightened concerns over territorial sovereignty. Although the ASEAN claimants and China have been discussing these issues in the Indonesian-sponsored dialogue, the potential for armed conflict persists. Five events that may trigger violence are:

- A Chinese attempt to interfere with maritime traffic on the South China Sea SLOCs, perhaps in an effort to coerce the United States, Japan, or ASEAN into accepting Chinese political demands.
- A Chinese effort to forcibly establish and maintain control over all or most of the Spratly Islands. Such an operation could feature the threat or use of force against an ASEAN state, either to compel acceptance of Chinese demands or to defeat opposing military forces.

• Continuation or expansion of China’s “salami tactics” to gradually assert control of more territory in the disputed areas—for instance, the occupation of other reefs or the construction of new structures in already claimed reefs.

• Conflict triggered by energy exploration or exploitation activity, fishery disputes, accidents or miscalculations, regional tensions, or provocative actions by one or more parties to the dispute.

• More ambiguous uses of force by China, including selective harassment and intimidation of regional states in the guise of enforcement of Chinese maritime claims, protection of fishermen, antipiracy or antismuggling operations, or peacekeeping or order-keeping operations in the event of a breakdown of domestic or international order in the region.53

To address these disputes, ASEAN issued the 1992 ASEAN Declaration on the South China Sea, which “urge[d] all parties concerned to exercise restraint with view to creating a positive climate for the eventual resolution of all disputes.” Despite having pledged to honor the declaration, however, China occupied Mischief Reef, also claimed by the Philippines, in 1995 and subsequently built structures on it.

Despite the 1992 ASEAN Declaration on the South China Sea and the signing of codes of conduct between China and the Philippines as well as between the Philippines and Vietnam, little has been done to resolve the underlying issue: sovereignty. Although some countries would be supportive of multilateral discussions to resolve the issues, China has refused to engage in such discussions, since doing so would improve the relative bargaining position of the ASEAN claimants vis-à-vis China. Instead, China has proposed that bilateral discussions be held with each of the countries with which it has a dispute. China has, moreover, expressed a willingness to discuss joint development of the disputed areas but not to negotiate questions of sovereignty. Yet if discussions are not held to resolve the

sovereignty of the islands, territorial disputes are likely to continue indefinitely and may well lead to armed conflict.

The range of opportunities for China to engage in these activities in Southeast Asia would expand in an environment of economic hardship and political and social disorder. Weakened ASEAN governments unable to control piracy or prevent attacks on ethnic Chinese communities may present Beijing with targets of opportunity for intervention. One factor that is likely to influence Chinese calculations regarding the use of force is whether ASEAN countries, either individually or collectively—or with the assistance of outside powers—have the military capabilities and political will to mount an effective defense against Chinese threats to regional security.

INDONESIA AS A DISINTEGRATING STATE?

The most important question about Indonesia’s future pivots on whether the country will survive in its present configuration or whether, like Yugoslavia or the Soviet Union, it will simply disintegrate. Other second-order but nonetheless critical issues are the fate of Indonesia’s democratic transformation and the future role of its armed forces.

The current disarray in Jakarta and the separation of East Timor have encouraged secessionist movements in the economically strategic provinces of Aceh, Riau—which produces half of Indonesia’s oil—and Irian Jaya (Papua), the location of the world’s largest gold mine and third-largest copper mine as well as the source of an estimated 15 percent of Indonesia’s foreign exchange earnings. In tandem with secessionist threats, religious and ethnic violence has been escalating in eastern Indonesia. The growing sectarian violence and the demands of the outlying islands for independence or greater autonomy are generating stresses that the Indonesian political system may not be able to withstand.

Most Indonesians view the insurgency in Aceh as the most serious challenge to Indonesia’s territorial integrity. Acehnese resistance to Jakarta has strong roots: strong ethnic identity, lack of trust in Jakarta, the legacy of human rights violations by the security forces, and the possession of natural resources, which in the view of the Acehnese give their province economic viability.
The Indonesian government and the Acehnese separatist movement, Gerakan Aceh Merdeka (GAM), agreed on a temporary cease-fire in May 2000. The Jakarta government has turned over internal security functions to the newly separated national police and has tried to negotiate a political settlement. The question that remains, however, is whether the government’s concessions will be sufficient to satisfy Acehnese demands. At present, neither the government nor the insurgents are strong enough to defeat the other, so an accommodation that permits significant autonomy for Aceh within Indonesia may be accepted as the best possible outcome by both sides. On the other hand, a perceived weakening of Jakarta’s authority or political will might stimulate demands for full independence.

At the same time, the insurgency in Irian Jaya, which did not become part of Indonesia until 1963 and which shares few cultural or social characteristics with the rest of Indonesia, is, according to one view, potentially even more dangerous than the Aceh rebellion. According to this view, the rebels are Christian and therefore more likely to receive Western support than the Muslim rebels in Aceh, and the border with Papua New Guinea affords the possibility of cross-border sanctuaries for the insurgents.

Aside from separatist insurgencies, there has been large-scale violence between Muslims and Christians in the eastern islands of Indonesia, with the epicenter on the island of Ambon in the Moluccas, and in Sulawesi. There are different theories in Indonesia on who is behind the sectarian violence; some blame Muslim radicals and others Indonesian army factions seeking to destabilize the Jakarta government. The possibility of political manipulation cannot be discarded, but probably the most likely trigger was the collapse of authority following the fall of Suharto, which unleashed pent-up tensions between the original Christian inhabitants and Muslim immigrants from Java who had moved in under the Suharto government’s resettlement program. These tensions in turn developed into an economic and religious civil war.

Given the immediacy and seriousness of these internal threats to stability, external threats have taken a back seat in Indonesian defense thinking. President Wahid’s government has embarked on a policy of rapprochement with China that represents a departure from the Suharto government’s more suspicious attitude. Senior In-
donesian military officers do not believe that China poses a direct military threat to Indonesia in the near to intermediate term. This is because of the distance from Chinese operating bases to Indonesian waters and because the Indonesians expect that the Philippines and Vietnam would block China’s southern expansion. Nevertheless, they do see China as a long-term threat. In this context, they are particularly concerned about China’s potential ability to intervene in and manipulate domestic Indonesian politics.

VIETNAM AS A SIGNIFICANT ACTOR?

Vietnam’s leadership has been hesitant to adopt a vigorous reform program for fear that it would weaken its control over the country. As a result, the country has missed out on the Asian economic boom and has been an unattractive location for direct foreign investment. At the same time, relations between Vietnam and China have generally improved: The two countries settled their land-border disputes at the end of 1999 and in December 2000 reached agreement on their maritime boundary in the Gulf of Tonkin. With respect to the South China Sea, China has turned its attention to the Philippine-claimed Mischief Reef and the Scarborough Shoal area, also located in the eastern part of the sea. In Cambodia, Hun Sen, who was originally installed in office by Vietnamese troops, has outmaneuvered and outmuscled his opponents and seems firmly in command.

Thus, Vietnam has not been a significant actor in the international politics of the region. However, this could change in the future. The most likely catalyst for such a change would be the reinvigoration of the historic hostility between Vietnam and China. In the meantime, Vietnam has been hedging its bets by improving its relations with the United States and India.

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54 For example, Vietnam has been hesitant about joining the World Trade Organization.
55 In spring 2000, Vietnam hosted a visit by U.S. Secretary of Defense William Cohen, the first visit by a U.S. secretary of defense since the end of the Vietnam War.
56 See the discussion above concerning joint Indian-Vietnamese naval exercises.
CONCLUSION

As this short summary indicates, a host of trends and possible events in Asia have the potential to change the overall character of the region’s geopolitical environment for the third time since the end of World War II. Roughly speaking, an initial postwar period of more than three decades was characterized by anticolonial and ideological conflicts. A succeeding period of more than two decades was characterized by an intensive concentration on economic development; this period saw the success of export-led, free-market economies, although often with strong governmental intervention and direction.

We are now at the beginning of a third period. As a result of the successful developmental efforts of the second period, many of the nations of the region possess more resources and more confidence in their ability to play a role in the world. The effects of this may vary; in some cases, there is an increase in nationalist sentiment, perhaps leading to a greater willingness to pursue geopolitical ambitions. At the same time, in some societies the result has been a greater pressure for democratization, as the educated middle class that was spawned by the decades of economic development demands the right to participate in the political life of its nation.

Geographically, this third period appears to be characterized by a shift in focus from Northeast Asia, where the remaining ideological conflict of the preceding periods may be winding down, to other sub-regions of Asia. Greater attention will have to be paid to Taiwan, where the conflict between the mainland’s desire for unification and the development in Taiwan of a separate identity, bolstered by the island’s economic and domestic political success, may be coming to a head; to Southeast Asia, which is undergoing a period of instability; and to South Asia, where the ongoing conflict between India and Pakistan has been made potentially more dangerous by both sides’ acquisition of nuclear weapons in the face of a regional power transition and by Pakistan’s increasing internal instability.