ASIA-PACIFIC
SECURITY

ASIA-PACIFIC SECURITY

POLICY CHALLENGES

EDITED BY
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Contents

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Preface

This collection began its life in discussions held in Canberra in August 2001 between the School of Politics of the University of New South Wales at the Australian Defence Force Academy (UNSW @ ADFA) and the Shanghai Institute for International Studies. A number of other scholars and foreign-policy professionals joined the discussions, which were opened by the Australian Foreign Minister, The Honourable Alexander Downer. In the months following those discussions, the contributors revised their essays for publication, taking into account the rapid developments in the world scene.

Much has changed in the field of international relations generally and in Asia-Pacific affairs in particular since August 2001. Above all, the destruction of the World Trade Center in New York on September 11, 2001, and the subsequent 'war on terror' headed by the United States, has compelled analysts of Asia-Pacific security to assess the possible sources and impacts of terrorism upon the region.

At the same time, much has remained the same. The underlying dynamics, the long-term challenges, and the regional repercussions, of relationships between the major powers—which are the focus of this book—are in our view fundamentally unchanged. The threats of terrorism in the region are genuine, but they should not be exaggerated, and nor should they overshadow the continuing efforts by regional players to engage in genuine and fruitful security dialogue.

The wars in Afghanistan and Iraq, and the revival of North Korea's nuclear threats, though they have occurred since September 11, continue to be illuminated by the insights and analyses in this volume. For this reason, we have chosen not to shift the emphases from where they fell when it was first developed.

The resulting collection is a tribute to the participants. I have been grateful for their good spirit in the discussions, and for their efforts in contributing to a better understanding of the Asia-Pacific region, and particularly China's view of the region, and Australia's role in it. Our views may be diverse, but the discussions and the results were nevertheless rewarding.

I want to record here my thanks to the participants, and to the support staff of my own School, for the help I have received in bringing this work to completion. I am also indebted to the advice and professionalism of the editorial staff of ISEAS in Singapore. Any errors that remain are, of course, my responsibility.

David W. Lovell

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Australia and Asia-Pacific security after September 11: an introduction

David W. Lovell

The aim of this collection is to examine the long-term security issues and challenges in the Asia-Pacific region, with particular reference to Australia and its regional role. The Asia-Pacific is large and diverse, and has only recently begun to acquire a sense of itself as a distinct region, committed to a security dialogue. Since the end of the Cold War a positive regional role for Australia has become as imperative as it is difficult. This book is designed chiefly for those involved in the policy-making process. It therefore tries to avoid scholarly jargon as much as possible, but it tries also to be clear and precise in what it says.

At least two major assumptions were made in putting together the brief for this work: first, that Australia can have, and should have, an important role in the region (though it may not be decisive); second, that the core strategic realities are for the foreseeable future bound up with the dispositions of China, Japan and the United States. How Australia might rise to the challenge of a constructive regional role in light of the realities of power, and in light of its long and dismal record of relative uninterest in the region, is a matter that exercises politicians, foreign-policy professionals and academics alike. It calls for intelligence and sensitivity, for a modulated approach to Australia's key alliance relationship with the United States, and for a clearer definition of the goal of regional engagement. In the sometimes volatile arena of world politics—and especially when the powerful demand that others make a choice between 'us' or 'them'—intelligence and sensitivity are put to the severest test.

There is little doubt that the Asia-Pacific region is of enormous importance to Australia, in that it encompasses the bulk of Australia's trade, is a source of diverse cultural influences, and is inextricably bound up with Australia's security. But in engaging with the region, there is a pervasive sense among commentators

that Australia has handled the challenges, on the whole, rather poorly. Australia is a rich country that looks both miserly and cruel in its treatment of refugee claimants, and has acted with little sensitivity in relations with South Pacific states, even passing on its refugee problems to some of them. It appears too eager to go to US assistance in the 'war on terror', and has blundered in some of its public pronouncements on pre-emptive strikes against possible terrorist threats against Australia. And its relations with its closest neighbour remain damaged after East Timor's independence, at a time when Indonesia could do with some support in its democratization process. Whatever the rights and wrongs of each of these points, Australia appears remote from regional feelings, and is regarded as a fair-weather friend to regional states.

In their various ways, the contributors to this book have addressed the realities and particular challenges confronting the region and Australia. This introduction will outline some of the main themes examined in the book, but it will also discuss the security implications of the current 'war on terror', and how they relate to the long-term strategic realities in the region. The 'war on terror', important though it may be, threatens to obscure the long list of security concerns that remain pressing and contentious. And this new 'war', by appearing to be a war on Islam, threatens to widen the gulf between Australia and its neighbours. Now is the time for calm thinking about long-term interests, and intelligent diplomacy in their service.

The changing security agenda

Even before the end of the Cold War there was a growing awareness that traditional understandings of security—as chiefly a matter of secure national boundaries, defended by military force—were inadequate to describe the range of threats to states and peoples. Non-traditional threats to security encompass a range of matters, from ethnic and religious conflict, people-, drug- and arms-smuggling, through terrorism, environmental degradation, deforestation and water scarcity, to transnational crime and natural disasters (Chalk 2000). They cross borders with impunity; they cannot be solved by individual states, nor by the employment of armed forces alone. Non-traditional threats to security have the potential to destabilize states and whole regions (Dupont 2001). Maintaining security is no longer simply about defending the state from armed invasion by other states.

Such a broadened understanding of security means that we must look not just to a range of new threats to national security, new ways of dealing with those threats (where military might is not always appropriate), and new (non-state) actors in security matters. It means that we must consider the goals of security as consisting of the safety and well-being of individuals (Buzan 1991) and the stability of regions, as well as the territorial integrity of particular states. The reference points of 'security' have changed. We need also to ensure that 'security' itself, despite its expanded meaning, continues to have a genuine content, and does not simply become an all-embracing 'hurrah!' word.

Though the 'new security' models originated among theorists, they are beginning to have a wider currency among policy-makers because they represent matters of genuine concern. Theory, as theorists rightly keep telling us, is essential to policy-making, and even unreconstructed pragmatists have some theory of international relations or security on which they (often unconsciously) rely. The theory provides a framework within which empirical material is chosen, examined, sorted and arranged. Theories give us clues about what to look for, what is 'significant', and what is expected (they therefore help us to recognize the unexpected). As Joseph Nye (1989, 339–40) has explained, 'Theory ties facts together. It helps the policy-maker to understand and predict. Even the most pragmatic policy-makers fall back on some theoretical constructs because neither all the facts nor their relationships are ever known'. Without good theory linking parts of the larger picture together, we are like the six blind men who each examined a part of the elephant, and did not recognize that it was an elephant.

Studies of contesting theoretical approaches to international relations—realism, neo-realism, liberalism, behaviouralism, and so on—may seem to get bogged down in abstruse jargon, and may have only a limited utility in generating predictions, but they are nevertheless important in our overall understanding of security situations. Though this book is not primarily about theoretical debates, except in so far as Chen Dongxiao explores how constructivism might help policy-makers to understand better the realities of Asia-Pacific security, each of the chapters implicitly challenges policy-makers to be self-conscious about their assumptions, preconceptions, and perspectives. Being theoretically self-conscious also means being culturally self-conscious, since the major tools we have for analysing inter-state relations have grown out of European experience, and the balance of power assumptions at the heart of realism, for example, may not translate easily into the Asia-Pacific situation—a point well made by Baker and Sebastian (1996).

The new security issues raise particularly intense challenges for the Asia-Pacific region (Tow, Thakur and Hyun 2000, Part 3). The whole range of 'human security' issues are present here, as are the difficulties of identifying whose responsibility they are. Indeed, the Asia-Pacific region throws into sharp relief the tension between 'sovereignty', on the one hand, and intervention on behalf of human security matters, on the other. For 'sovereignty' is a way of quarantining issues, of locating the state responsible for particular issues, and of saying to others: this is our business, keep out! This view of sovereignty and the related notion of non-intervention has been at the bedrock of international relations since the Treaty of Westphalia in 1648.

The new security agenda cuts across this old assignment of responsibilities—and it is important to note that 'sovereignty' implies not just rights to adjudicate within a territory, but also responsibilities—and creates considerable consternation over whether it may give a licence to meddling and interference. Where should the line be drawn about when outside intervention is

justified, and when it is not? In whose interests can intervention be undertaken, and whose culture and values will prevail? In all these respects, human security concerns create problems for states and non-state actors trying to deal with them. Yet to insist on 'sovereignty' in the face of pressing transnational issues often means that no-one will take responsibility for addressing or solving them.

The new security agenda highlights legitimate areas of cross-border concern, but Asia-Pacific states have responded cautiously to its imperatives. Non-intervention in the affairs of others is an established part of the practice of the Association of South East Asian Nations (ASEAN), but states are beginning to recognize their complex interrelations and to cooperate in numerous areas (Funston 2000). Caution is understandable, since in some respects the new security agenda might become a recipe for enlarging the scope of issues over which conflict may occur. The key issue, therefore, is how intervention can be advanced in ways that are not destructive of existing inter-state relations. Thus, reconceptualizing 'security' to take greater account of the individual, human dimension as well as the state does not mean that security is any easier to achieve. The United Nations' intervention in East Timor (with the major impetus from Australia, but with the participation of a number of Asia-Pacific states) was perhaps a triumph of humanitarian intervention, but it continues to sour relations between Australia and Indonesia.

The rethinking of 'security' is slowly but surely feeding into security practice in the Asia-Pacific. It has paralleled the emergence of the region's sense of itself, as it becomes more committed to the institutionalization of a regional security dialogue. Des Ball (1996) has argued that institutionalization of the confidence and security-building measures (CSBM) process in the Asia-Pacific is a major step forward in the region, and was previously thought unachievable. The rapidity of this change gives hope that even more can be done. Meetings of government officials in the so-called 'first-track' process—the forum of Asia Pacific Economic Cooperation (APEC) and the ASEAN Regional Forum (ARF)—have been joined by non-government meetings and workshops in the 'second-track' process. The Council for Security Cooperation in the Asia-Pacific (CSCAP), established in 1992, discusses traditional security matters as well as supporting formal working groups on 'Transnational Crime' and on 'Comprehensive and Cooperative Security'. But it remains true that ASEAN must do a great deal more if it wants to become a genuine security community; in particular, it must move beyond the existing CSBMs to preventive diplomacy. The courage to take that step is still some time away. In the meantime the region, like the world, has become transfixed by US responses to the dramatic terrorist attacks of what is popularly known as '9–11'.

The region since September 11, 2001

On the morning of September 11, 2001, two large passenger aircraft were hijacked and flown into the towers of the World Trade Center in New York City, a third

aircraft was flown into the Pentagon building near Washington, DC (the home of the US Defense Department), and a fourth crashed in a field in Pennsylvania, apparently foiled in the attempt to be used as a missile against the Capitol building in Washington. These attacks led to the deaths of nearly 3,000 people, of diverse nationalities and religions.

The hijackers were soon identified as members of an extremist Muslim terrorist network, al-Qa'ida, led (or at least greatly influenced) by a wealthy and charismatic Saudi, Osama bin Laden. Al-Qa'ida was based and trained in Afghanistan, and was supported by the government of that war-ravaged country. Osama bin Laden, while never claiming direct responsibility for the attack on the United States or articulating any immediate demands, nevertheless made it clear that this was part of a war between 'Islam' and 'the west'. This war had unknowingly been 'declared' by the bombing of US embassies in Nairobi, Kenya and Dar-es-Salaam, Tanzania in August 1998, and by the suicide bombing in Yemen of the American warship USS Cole in October 2000.

This series of events, but especially the destruction of the World Trade Center (WTC), was dramatic and shocking, and caught US intelligence and law-enforcement agencies—embroiled in 'turf-wars' and personality clashes—unprepared. The WTC impact and collapse were televised, and repeated again and again. They struck at the symbolic centres of US power. But most of all, they struck at the very core of the American psyche. For Americans, wars and battles occurred elsewhere, in other parts of the world. Their homeland, secure through every war in the twentieth century, was no longer untouched. The 'war on terror' has now become an American preoccupation.

Regional reactions to the September 11 attack varied. The Australian Prime Minister, who was in Washington, DC on the very day of the attack, responded quickly and strongly in support of US efforts to track down and destroy the perpetrators and their backers. He cited the 1952 ANZUS Treaty as the basis on which Australian support for the United States could be justified. In Australia itself there was incomprehension mixed with outrage against the terrorists. Many governments and intellectual elites in the Asia-Pacific region were formally supportive of the United States—even if spurred to comment by the US demand that everyone must take sides—and were concerned about the stirrings of radical Islam within their own communities; but many ordinary citizens seemed to have rather mixed feelings, including the view that the United States deserved terrorist punishment. The latter response reflects a widespread resentment at US power, both military and economic, which is experienced as arrogant. Pakistan—which had formerly been a pariah because of its military dictatorship and support for the Taliban regime in Afghanistan—regained some international standing (and considerable aid) by assisting the United States against terrorist bases in Afghanistan. Other states paid greater attention to detecting and combating Islamic extremist groups in their midst.

The terrorism associated with extremist Islam will not simply disappear with the demise of the Taliban, or any other, regime. It is born of despair, poverty and helplessness, and is channelled by fanatical Muslims who, according to Malaysia's Prime Minister Mahathir Mohamad, have misinterpreted and deliberately ignored the peaceful teachings of Islam (Mahathir 2002). This is one reason why leadership is needed to translate Muslim hostility against 'the west' into a program for self-reliance and pride. It is also the reason why a 'war' on terrorism is misleading either as a description or as a metaphor. The causes of terrorism cannot be eradicated militarily. The continuing terror campaign of Islamic extremism was duly confirmed in October 2002, when a nightclub popular with western tourists in the Indonesian resort of Bali was bombed, and more than 190 people from 18 countries died in the explosion and subsequent fire. The group responsible for this attack, Jemaah Islamiyah, has links with al-Qa'ida.

The Bali bombing put an end to the scepticism which had earlier greeted US claims that the Asia-Pacific region was a base for terrorism. But terrorism is a security issue only partly in the narrow, military sense of that term. It is also, and perhaps more fundamentally, a human security issue. For the main reasons for the rise of extremist forms of Islam can be found in the continuing poverty and deprivation of many people in states that have significant Muslim populations. These states have proved to be fertile ground for recruits for terrorist groups, who find readily available images of a prosperous and decadent west to feed the resentment of their own powerlessness. The rise of extremist Islam can also be seen as a consequence of the disastrous Soviet invasion of Afghanistan, from 1979 to 1990. Muslim groups began organizing against the Soviets, and continued when they had left, a struggle which ultimately resulted in the Taliban regime and its al-Qa'ida partners.

The initial regional responses to the attacks of September 11 meant that many countries jumped onto the US-led bandwagon against terrorism. There were many advantages for joining, at least rhetorically, the 'war on terrorism'. China's relations with the United States—under great pressure over the 'spy-plane' collision earlier in 2001—thawed after China's expressions of regret over the attacks. The United States lifted sanctions against India and Pakistan, imposed after they had tested nuclear weapons in May 1998. The Philippines gained US military advisers to help in its continuing struggle with bandits, now dubbed 'terrorists'. There were, of course, different levels of support in the region for the US military campaign in late 2001 against the Taliban regime in Afghanistan (Operation *Enduring Freedom*), with only Australia and Japan supplying military forces. And there has been much less support for the imminent US-led war against Iraq, not just because of doubts about the extent of Iraq's program for weapons of mass destruction (WMD), nor simply because of widespread scepticism about the Iraqi regime's support for terrorist groups such as al-Qa'ida, but also because there is no evidence of an immediate danger to the United States from Iraq. For the

United States, the 'war on terror' seems to have become a ready excuse for furthering existing campaigns.

It is not just the Americans for whom 'terrorism' has become a convenient label. In the Asia-Pacific region, there is a fear that the looseness of the term can be used by governments to stifle political dissent. Some states—notably Malaysia and Singapore—have imprisoned suspects under their respective Internal Security Acts, after apparently foiling bombing plots. But the lack of trials and public evidence in these cases unavoidably raises suspicions about the motives behind the arrests. Using the threat of terrorism to manipulate domestic political outcomes, rather than addressing genuine security concerns, is undoubtedly a temptation. Other states, notably Indonesia, denied that terrorism was a problem. The Bali bombing put an end to that complacency, and has seen the Indonesian authorities taking a much more active stand against terrorist suspects within the country. And in the aftermath of the Bali bombing, there has also been an extraordinary level of cooperation between police forces, especially the Australian Federal Police and Indonesian police, in tracking down the bombers.

Terrorism is a method of struggle to achieve political objectives. It has been used by the advocates of many political ideologies, and is not confined to any one. There have been many attempts to define it exhaustively over the past 18 months, and many of these have foundered on details. But this imprecision does not hide the fact that terrorism has been with us for a very long time, that it tends to be a weapon of the weak (a fact acknowledged in the current descriptions of 'asymmetric warfare'), and that as a method of struggle it will be with us for a long time to come. Terrorism associated with extremist Islam is the result of deeply disaffected young people in Muslim countries, disgusted with the poverty of their own countries, and their own powerlessness; they believe that western exploitation accounts for their situation. If the globalization championed by the west seems to make their situation worse, it also gives them tools to fight back, in that money, people and ideas now flow readily across borders, nourishing the networks of terror that confound (western) hierarchical notions of organization and authority.

Change and continuity
Much has changed, but much remains the same, since September 11, 2001. It is true that many other issues and concerns have been pushed off the front pages of newspapers, and that some existing problems have been reformulated as problems of terrorism; but the other concerns have not disappeared. What has changed is that there is an almost overwhelming urgency about terrorism, and a gearing up of intelligence, policing and military preparations for potential terrorist attacks, which are all the more fearsome in the public mind for being unpredictable, arbitrary, and indiscriminate.

It is notable that until September 11, the preoccupation of security thinkers was over proposals by the administration of then-new US President George W. Bush to revive anti-missile missile development, under the rubric of 'national missile defence' and 'homeland security'. Many were concerned that American signals on this issue, and Australian support for them, were unnecessarily raising the strategic temperature in the Asia-Pacific region, could be interpreted as a strategy for the 'containment' of China, and were likely to lead to a deterioration of the security scene in the region. It hardly needs saying that in diplomacy, as in much else, the intentions of the communicator are much less important than the way messages are understood by the audience. 'Homeland security' has, following September 11, been given a distinctly anti-terrorist emphasis by the Americans (and now has a government ministry devoted to it), but the work on anti-missile missile technology continues, as does the appeal of an isolationist, fortress-like, mentality. Both the latter seem deeply unhelpful to the anti-terrorist cause, and to the larger cause of security in the Asia-Pacific, in which the United States has a direct interest.

The United States is now mobilized and interested in the matter of 'terrorism' (though it is actually more interested in a particular terrorist campaign). There is, in other words, a change of priorities. That change has major ramifications. What the United States thinks is important, *is* important. In addition, and linked to the 'war on terror', is a change of thinking about the use of force, operational concepts, and capability requirements. Defence forces will no doubt make the most of the current opportunities to convince their governments of the need to buy new equipment and raise their intelligence capabilities.

The issue of change and continuity has also arisen in a new debate about Australian strategic doctrine, which has for 15 years or more been associated with continental defence and the interdiction of hostile forces in the 'air–sea gap' between Australia and its northern neighbours (Dibb 2002). Such a doctrine has meant a steady downgrading of the size and capability of the army, and a boost to sea and air power. It is now being challenged by those who point to the record of Australian military involvements during the past 10 to 15 years, centred on peacekeeping but also in support of US operations, which have relied heavily on the army (Dupont 2002). Australian military practice has not changed fundamentally since September 11, but there is a growing view that strategic doctrine might have to put more emphasis on army capability and the reality of remote deployments. The official Australian *Defence Update* (Department of Defence 2003), released late in February 2003, reflects that view.

But what does all this really mean to the practice of world politics? The early turn by the United States after September 11 to multilateralism has been followed by a return to the underlying unilateralism of US foreign policy. Indeed, extensive worldwide opposition to the imminent war in Iraq has underlined the US sense that it is compelled to 'go it alone', and that it has a historic mission to accomplish. As Waltz has persuasively argued on this issue, 'New challenges [for the US] have

not changed old habits' (Waltz 2002, 348–49). More worryingly, 'terrorism' has provided the catch-all phrase that can justify what the United States already wanted to do. In Waltz's view, terrorism does not change the basic facts of current international politics: the imbalance of world power; the importance of nuclear weapons; and the persistence and accumulation of crises (Waltz 2002, 350–52). The US stance on Iraq's WMD program has thus far involved the United Nations, but the United States is clearly prepared to act (in effect) unilaterally, which would be a major blow to the international system. War in Iraq would also open Pandora's box on the issue of pre-emptive strikes, the US position on which was outlined in its recent National Security Strategy (National Security Council 2002).

The events of September 11 have not changed the fundamental strategic dynamics in the Asia-Pacific region, even if they have added another dimension to strategic issues and national security concerns. What further complicates the picture is that inept responses to the terrorist threat by the United States (or by Australia) will excite ethnic and religious passions in the region, and exacerbate the problem of terrorism.

The strategic picture

Whatever the situation with terrorism in the region, certain continuing strategic realities must be acknowledged: US power; the rise of China as a regional player; and the persistence of a number of tensions and dangers.

The United States is the world's only superpower since the end of the Cold War and the collapse of the Soviet Union in 1991. Its military power is extraordinary, and its technology makes it even more potent. It has the capacity—for the first time in history—to know and respond to the events of the battlefield as they happen. (If Tolstoy's *War and Peace* is of any interest to modern strategic thinkers it is in its lesson of the enormous confusion of the battlefield.) This hegemonic US power is a fact of great concern to many in the world, who fear that the United States will act unilaterally in its own interests, intervening in other countries and overthrowing regimes as it sees fit. The current campaign against Iraq is widely seen as a litmus test of this proposition. While the United Nations was often paralyzed by the power play between the US and the USSR during the Cold War, it is now dealt into some world problems only by the good grace of the United States—and that cannot always be guaranteed.

China is emerging as a regional power, with claims for a larger role. It formally joined the World Trade Organization at the end of 2001, and will certainly become an economic giant by mid-century, if not before. China and the United States have different visions on a range of issues about sovereignty, alliances, and security mechanisms. The rise of China adds to issues about the balance of power in the region, and makes the US-China relationship a key factor in regional stability.

As for dangers, there are sites of tension throughout the region: on the Korean peninsula, in the Taiwan Straits, in the South China Sea, and in Kashmir. There are

also transnational issues about water supply, pollution, piracy, arms- and drug-smuggling, and organized crime. In terms of weapons of mass destruction, the Asia-Pacific region is unfortunately well supplied. Five of the world's nine nuclear-armed powers are here: Russia, China, India, Pakistan and North Korea. Many of the regional states possess chemical and/or biological weapons. And delivery systems—especially ballistic missile systems—are widely held. The possibility for tensions turning to crises remain high.

The Asia-Pacific region also faces the problems of weak states: those going through difficult democratic transitions, such as Indonesia; and the problems of failed states, such as the Solomon Islands, where the state can no longer enforce order. Such states are an invitation to criminals and opportunists of all types, and are breeding grounds for separatist struggles. Given that the Asia-Pacific includes some of the world's most important sea-lanes, maritime issues also remain important.

Among other issues that need attention are the continuing increases in regional defence expenditures since the Asian economic crisis of 1997–99, and the possibility of an arms race. While earlier increases in arms expenditures in the region may not have constituted an arms race (Wattanayagorn and Ball 1996), current expenditures are difficult to interpret otherwise. September 11 supplies an added rationale for increasing already high defence expenditures in the region, acquiring new defence capabilities, and increasing intelligence capabilities.

The Asia-Pacific is a region that contains diverse countries, but many of these already have significant defence capabilities: land, air, and maritime. China now has the third-largest defence expenditure in the world, and may soon overtake Russia (currently the second) (IISS 2001, 188–91). The capabilities demonstrated by US forces in the Gulf War in 1991, and developed to a very high degree in Afghanistan in 2001, are attractive to regional militaries. Regional states want to be able to take advantage of the 'Revolution in Military Affairs' and the associated information warfare. These include command, control and communications systems, unmanned aerial vehicles, precision guided munitions, and intelligence collection, particularly signals intelligence (from both land-based and airborne platforms). Many countries are acquiring these capabilities.

The Asia-Pacific region has countries that contain substantial Muslim populations, Indonesia being the largest Muslim country in the world. It is important for relations with the United States—which regional countries do not want to see leave the region—and for the internal stability of many of these countries, that US responses to extremist Muslim terrorism are not seen as a wholesale attack on Islam. So far, that has been very difficult to achieve, with US rhetoric sometimes echoing the bloody Christian crusades of a thousand years ago.

The effects of the terrorist attacks of September 11, and of US responses to them, are neither straightforward nor easily charted. The 'war against terror'—perhaps in part because of its somewhat inappropriate title—will be a

long one, with many twists and turns. The effects will be military, but given the absolute predominance of US military might, they will fundamentally be political. Perhaps the United States will learn the hard way a lesson that Thucydides drew 2,500 years ago: that the greatest use of power is restraint. Indeed, US reactions to al-Qa'ida, rather than the methods and aims of al-Qa'ida itself, threaten to become the major issue. The military response to terrorism is almost calculated to exacerbate the problem because it does not address its roots.

Nor should it be assumed that the general revulsion against terrorist methods and aims will translate easily into regional cooperation. Terrorism is, in some senses, simply another issue which provides the potential for cooperation and conflict in regional relationships. We have already seen a good deal of evidence of both.

Regional security organizations are now challenged to make sure that while they manage the issue of terrorism, they do not lose sight of the pre-existing security issues. And indeed, terrorism poses a direct challenge to the region's security mechanisms, to move beyond the level of building confidence through discussion to problem solving and preventive diplomacy. Bilateral responses have been the primary response to the threat of terror and the US call to arms, though the ASEAN Regional Forum has begun to canvass the issues. Nevertheless, multilateralism now seems to be on the defensive across the world.

Organization of this book

This book begins by outlining the basics of Australian regional policy. Lovell's chapter makes a salutary plea for those engaged in the making and implementation of foreign policy to keep their eye on the larger picture, and especially to question easy assumptions about national interests, and about the obligations imposed by international friendships. James Cotton examines the background to Australia's regional policy, especially since the end of the Cold War emphasized the need for Australia to redefine its relationship with the region; he focuses on the travails with Indonesia over the issue of East Timor's independence as perhaps the most serious test of Australia's foreign policy in decades. He asks whether regionalism or globalization is the major force at work in Australia's responses to Asia-Pacific issues. Allan Behm, not long retired from Australia's Department of Defence, provides a practitioner's insight into thinking about China's strategic policies, looking for continuity in the long-term with Sun Tze, and exploring Australia's strategic options.

The contributions go on to focus on the role of China. It is a feature of this work that it includes a number of chapters by distinguished Chinese scholars that reflect the way that China perceives its growing position in the region. Not surprisingly, these scholars see a legitimate regional role for a power that is currently substantial, and will one day be enormous. China's leaders resent efforts by others, and particularly the United States, to keep them out of a rightful place in

the international security regime. Zhu Majie makes the point that China has a role to play in the security mechanism of the Asia-Pacific, and sets down some major guidelines in furthering security. Xia Liping argues that China has used its power in a responsible and constructive way. Tian Zhongqing reinforces these contributions by explaining the changing nature of China's economy. An increasingly knowledge-based economy brings China squarely into the international economy, and explains its need to participate fully in the security dialogue.

China's foreign policies are then examined from different perspectives. Carl Thayer examines the doctrinal basis for Chinese relations with Southeast Asian states, and argues that behind much of the new thinking about partnerships within the region is a fairly constant concern with containing US power. The US-China relationship is crucial to the long-term stability of the region, troubled though the relationship is in the longer term by the handling of Taiwan, and the military build-up adjacent to Taiwan in Fujian province, and in the shorter term by accidents or misunderstandings, such as the collision between the US EP-3 spy plane and a Chinese F-8 fighter jet on or near Chinese territorial boundaries in April 2001. Jian Zhang explores the domestic pressures in China's foreign policy, using the examples of the Belgrade embassy bombing by US planes and the spy plane collision to argue that a groundswell of Chinese nationalism, prepared by the ruling communist party, has sometimes to be kept in check by authorities in order to maintain workable foreign relations. For China's leaders, Chinese nationalism is proving to be a two-edged sword.

The contributions then turn to examine other regional matters. Aaron Matthews reminds us, as indeed North Korea keeps reminding us, that instability on the Korean peninsula remains a serious issue, and impacts on Japan's delicate strategic balancing act between China and the United States. For all its bluster—missile development, withdrawal from the International Atomic Energy Agency agreement, as well as a substantial armed force—the world's only remaining Stalinist state is seriously weakened by starvation and economic deprivation. As one of the few countries with diplomatic ties with North Korea, Australia was the first to engage the North Koreans diplomatically after the recent reactivation of the nuclear plant capable of reprocessing spent nuclear fuel for weapons purposes, and may yet help to resolve US-North Korean tensions. William Maley brings some perspective to bear on the fast-moving developments in Southwest Asia, with US intervention in Afghanistan late in 2001, and simmering tensions between India and Pakistan over Kashmir. Southwest Asia is a part of the Asia-Pacific that tends to be neglected in Australia's security perceptions, except at times of tension, but it deserves far more considered attention because of the threat of nuclear war and the uncertainties created by weak and failed states, but especially because of the India's enormous potential as an economic and technological power-house. Michael Wesley examines the security architecture in the region, arguing that regionalism is a way that countries in the Asia-Pacific have responded to US-led

global order, and that the current malaise in regional organization is due to the uncertain nature of the intensified forces of globalization, and will likely persist for some time.

Chen Dongxiao examines the constructivist model as a way of understanding the security prospects in East Asia. In the face of the pessimism of traditional analytical frameworks, Chen finds some cause for optimism on the constructivists' grounds that in redefining its identity within the region China will take a more pronounced role in multilateral security arrangements. The work ends with an examination by William Tow of the ANZUS alliance, which is crucial to the way Australia perceives its international relationships. In some respects, this alliance—explicitly and emotionally reaffirmed by Australia's Prime Minister, John Howard, after September 11—is the key to Australia's regional dilemmas.

Conclusion

Australian foreign policy professionals need an unsentimental look at the present, where Australia's role as a regional 'player' is limited and only grudgingly accepted. The East Timor issue has been a test of Australia's regional engagement (Chalk 2001), a test it (and not merely any particular government) has failed. Australia's policy has in recent years been rightly described as moving from 'engagement' to ambivalence (Cotton and Ravenhill 2001, 4). The situation is positive in as much as there is debate in policy circles over Australia's stance in the region, but negative in that such debate is increasingly tinged with domestic, partisan considerations. 'Engagement' was the cry of successive Australian governments, Labor and Coalition (Cotton and Ravenhill 1997, 9), but the practicalities have been much more difficult to manage. And unreasonably high expectations have made the reverses all the more disappointing.

Responding to the threat of terrorism compounds the challenges for Australian policy-makers. An inappropriate response is one which overestimates the danger of terrorism, downplays other regional issues, alienates regional states, and sours the views of moderate Muslims, who form a key part of these states. Policy-makers should not be fooled into thinking that everything has changed since September 11, and must keep their focus on building strong long-term relations with Asia-Pacific nations. They should be guided by a clear sense of what sort of relationship Australia can build with the region. 'Engagement' was perhaps a necessary way of describing Australia's stronger turn to the region, but it has become a cliché. We need other terms, but we also need deeper contacts with the region across all levels of government, business, and academia to make the connections more realistic and resilient.

The terrorism associated with extremist Islam will be with us for many years, and perhaps decades, to come. There will be political, military, and intelligence responses (but, sadly, perhaps fewer economic responses). Old problems remain; new challenges arise. But the challenge of prioritizing these issues, and handling

them with the same sense of regional sensitivity, is more important than ever before.

To make the judgement that strategic realities since September 11 are much the same as before does not mean that regional security is any easier to deal with. Security matters often seem to be fleeting. Issues—problems—come and go quickly on the agenda. In some cases, and especially to practitioners, foreign affairs seems to be an example of triage: just like the casualty ward of a busy hospital, the doctors—the foreign policy makers—are compelled to sort out the priority of bleeding emergencies on the trolleys before them. Such an image, even it captures some of the flavour of the main desk in a foreign ministry, should not be allowed to overwhelm attention to the larger, more considered, stance. Foreign policy is about setting priorities; but it is also about not forgetting the larger picture. The contrast between crisis management and long-term strategy has been well made by Hanson and Tow (2001, 5–7).

Theory, too, is important, but one should be cautious of long-term prognostications, encouraged by the (rather arbitrary) turn of the millennium. We have seen Francis Fukuyama's 'end of history' contribution, Samuel Huntington's (1996) 'clash of civilizations', and Paul Kennedy's (1987) 'imperial overstretch'. Such grand models are porous enough to admit all sorts of variations, and are therefore less useful than often supposed. Fukuyama (2002), for example, continues to insist that his thesis is correct, with radical Islam described as a backlash against modernity.

The concept of 'security' itself has been stretched to encompass non-traditional issues (particularly transnational ones) and non-state actors, but the old security concerns have not disappeared. Globalization may mean increasing interdependence between states, but states still matter. They insist, sometimes by force, that they are part of the process; their long life means that they are highly adaptable in the face of new challenges; and they continue to have legitimate coercive power. Nevertheless, governments must learn that non-government organizations have a place in the security dialogue, that different approaches to security are not always at odds, and that non-traditional security issues are ignored at their peril.

One does not have to be a 'realist'—in terms of International Relations theory—to believe that states remain important, both as building blocks of the international security system and as actors within it. But realism should not blind us to the salience of other security issues and of non-state actors. In some respects, the central theme of this work is that states in the Asia-Pacific region will continue to be the focus for identities and loyalties, and will continue to generate key security concerns as well as to sponsor the major forums in which such concerns will be discussed and mediated. Among those states, the influence of the United States will continue to be pervasive, both in its direct relations with regional actors, and in the indirect consequences of its own security preoccupations. Japan, China and, to a growing extent, India, will increasingly define the major concerns

of the region as they interact diplomatically and interpenetrate economically and socially. The challenge for those who make and implement foreign policy in the region is to ensure that these interactions can occur with the least friction, that misunderstandings are overcome and genuine difficulties honestly addressed, and that the wide and important range of non-traditional security issues becomes a natural part of the security dialogue.

Australia's relations with the region are not as strong as many of us would like, or many of us believe are required. Australia begins in this relationship with a serious deficit, acquired by its history and the record of its immigration policies, and its current stance on asylum seekers. Likewise, its central and enduring alliance with the United States creates problems as well as opportunities.

Foreign policy must be informed by long-term considerations, and a strategic overview. Every decision has a number of complex ramifications. If Australian policy is guided by a consistent goal of better relations within the region; if it is informed by consultations within the region, and clear and direct information; then it will help Australia's role and improve the security of the region. If this book helps either to clarify the major issues, or to keep the eyes of policy-makers focused on the main game, then it will be a success.

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2

The challenge for Australian foreign-policy professionals

David W. Lovell

Most of the chapters in this collection are by specialists in the Asia-Pacific region, each of them expert in the politics of its various countries and their numerous interactions. It is a region so vast—extending, on some accounts, from the shores of the Americas to the Indian subcontinent, and from Dunedin to Vladivostok and Anchorage, and embracing dozens of countries—that a significant amount of specialization is only to be expected. Without a detailed knowledge of the history of particular countries, of their relationships with others, their institutions, policy makers, and aspirations, making foreign policy would be even more hazardous than it currently is.

My contribution is not expert in the same way, but I think it is nevertheless appropriate in any serious discussion of policy making and implementation. I will not canvass particular regional issues here. Instead, I want to draw attention to another type of challenge that confronts foreign-policy professionals. As well as developing and maintaining their specialized knowledge, they must remain acutely aware that specialization itself can produce problems if it is not leavened by broader perspectives, and by an approach to detailed information that is self-consciously cautious and critical. Australian foreign-policy professionals—those people who advise politicians in this area, who implement policy, and who comment upon it in the media—are professional only in so far as they combine detail with perspective, contemporary comment with a sense of history, and advice with a sense of their own responsibilities in the larger task of managing foreign relations. Developments in the Asia-Pacific region are now calling, perhaps more urgently than ever before, for the deployment of those skills. In this chapter, therefore, I shall reflect on some issues of perspective. I shall caution, in particular, against unexamined assumptions on a couple of fundamental issues on the grounds that they might distort policy making, and diminish Australia's ability to benefit from the current situation.

Though it is difficult to be categorical about such things, we seem to be at a time of historic change in international relations. As with earlier times of transition in relations between states, there is a perceptible and rapid change in the balance of forces in the world. Emerging powers are beginning to find their places at the table of the established powers, and to explore new ways of doing business with each other. It is a change that was precipitated by the end of the Cold War, and the predominantly bi-polar world that characterized it; and it is pushed along by the economic rise of countries such as India and China. In my view, this transition period presents a historic opportunity for Australia.

The jostling for position at the table of power contains considerable challenges for policy makers of the major powers themselves, especially those in the United States and China. For the focus of international attention has begun to move from Europe to the Asia-Pacific region. The region is increasingly significant for Australia, not as a source of threat and insecurity as it once chiefly was, but as a place in which to play a positive role and, in important respects, to find a rightful 'home'. It does not promise to be an easy path, but it is a necessary one if we are serious about a secure future. The role of foreign-policy professionals will be a crucial one both in getting the best for Australia out of the current transition, and in getting the best outcome for the region. The domestic profile of Australia's foreign-policy professionals may be low, but their job is crucial to good policy, its successful implementation, and its public acceptance. If they can combine specialized knowledge with sound judgement, they will contribute to the emergence of a more stable and peaceful world.

Australia and the Asia-Pacific

If Australia faces a historic opportunity in the Asia-Pacific region, it must be said that we carry with us considerable baggage, and that our outreach is a recent affair. Australia's responses to the Asia-Pacific region were, until as late as the 1950s and 1960s, characterized by an attitude that we were set apart—by our cultural origins, our political institutions, and our interests and aspirations—and, worse, that we were surrounded by a sea of dangers. Our sense of separateness led to restrictive immigration; the White Australia Policy was one of the very first acts of the new federal parliament in 1901, and was reversed only in the mid-1960s. Our sense of threat, reinforced by the Second World War, was assuaged only by looking to 'great and powerful friends'—first to the United Kingdom; then to the USA. Australia engaged with the region militarily, and in alliance with such friends, in the Korean War, the Malayan Emergency, and the Vietnam War. But with the Colombo Plan, and with a rapid increase in trade (especially as Japan became our major trading partner in the 1960s), our more positive sense of taking a place in the region began. Yet, though Australia's engagement with the region is relatively recent, we should not forget that the region's sense of itself is also relatively new, as we can attest at one level by its tentative security architecture.

The importance of the Asia-Pacific to Australia lies not just in our economic relations and trade with the region. We have increasingly recognized that our security lies with Asia-Pacific security. And, furthermore, many Australians have begun to look to the Asia-Pacific as a way of enriching our identity. There is much confusion in Australia and the region on the latter issue, and mixed messages about where Australia belongs. There are clearly tensions between Australia's geographic location at the edge of the Asia-Pacific, its roots as a European outpost, and its aspirations for acceptance within the region. Complex issues, especially around matters such as identity, are not quickly resolved. But even as Australia faces divisive political debate over such matters, and even if the final resolution may not be achieved until the next generation, the direction of movement towards engagement with the Asia-Pacific region is clear and irreversible. As we feel more comfortable about our links with the region, the region too will feel increasingly comfortable about us.

What Australia may once have considered a vulnerability—the fact, to put it bluntly, that it cannot defend itself alone—has begun to be turned into a strength. Our small population and vast coastline have meant that we have not tried to build a fortress, but that we have committed ourselves to regional engagement. Fortresses, as foreign-policy professionals would know, are temporary at best and counterproductive at worst. Australian governments of all persuasions over the past few decades have recognized that the best guarantee for our own security is the security of the region. That means, in large part, contributing to the security architecture and participating in regional dialogue. We may find that things are slow-going, that cultural differences in the approach to problems are frustrating, and that 'Australia' is used as a convenient diversion in some domestic politics of the region. But, as Winston Churchill so aptly put it, 'jaw-jaw is better than war-war'.

Australian engagement with the Asia-Pacific region has become an opportunity to play a significant role in what, in terms of global considerations, has become a key area. It is the world's most populous region. Its rising economies are the source of considerable hope for world economic health, and its downturns—such as in 1998—have had major repercussions. Above all, we are witnessing the emergence of China as an economic powerhouse, and the beginning of its integration into the world economy. China is now Australia's third-largest trading partner. The importance of the region was signaled by the remarks of newly-elected US President George W. Bush in late 2000, that the US would turn its strategic focus towards Asia. Though the threat of terrorism has since shifted the general perception of strategic priorities, the underlying claims of the Asia-Pacific region to our attention remain compelling. But such claims arise not just because of Asia's economic potential; they also arise because there are a number of inter-state tensions here that could lead to major conflict, and a number of internal difficulties in many of the states, including ethnic conflict, separatist struggles, and

the destabilizing effects of pervasive corruption. Many of these conflicts have the potential to draw the region into violence.

Australian foreign policy, therefore, faces a critical moment. It must find a way ahead for Australia in a region which is of national and global significance. It must reassess its existing commitments, and be open to new options. In all of this it can enhance not just its own security, but the security of the region. One of the key elements in taking advantage of these opportunities is to have foreign-policy professionals who are aware of the challenges and their own responsibilities.

The responsibilities of foreign-policy professionals

Most Australian foreign-policy professionals work within an established set of rules and norms about responsible government, and about the consequent role of career public servants as anonymous advisers, and implementers of the will of the government of the day. In recent decades, the distinctions between permanent public servants and transient politicians, and between public servants as implementers but not makers of policy, have become blurred. Furthermore, some policy-makers do not fit neatly within the established framework: ministerial advisers, for example, who are brought into an office because of a particular expertise; or scholars, who may be co-opted onto advisory councils. Yet whatever their status, these professionals share two common features. They are, in the first place, expert; and they are, in the second place, removed from direct pressures of publicly-contested office. In both respects, they are unlike politicians. Politicians, or at least the best of them, are generalists, able quickly to comprehend a brief. And they are in direct touch with popular feeling (which is not to say that they should pander to it).

Although it is a rather different policy-making and bureaucratic environment from that in Australia, Henry Kissinger's reflections on US President Ronald Reagan bring into focus the different strengths of politicians and policy professionals. As Kissinger relates (1994, 765), 'The details of foreign policy bored Reagan. He had absorbed a few basic ideas about the dangers of appeasement, the evils of communism, and the greatness of his own country, but analysis of substantive issues was not his forte.' And yet, he continues, Reagan went on 'to develop a foreign policy of extraordinary consistency and relevance'.

Few foreign-policy professionals have the profile of a Kissinger, but their generally low profile should not disguise their importance, especially as few politicians can nowadays resist the temptation to personal meetings and summits with foreign leaders, and the associated opportunities for publicity, while professional negotiators and diplomats are sidelined. As the fifteenth-century statesman and historian Philippe de Commynes advised in his Memoirs, 'great princes who wish to establish good personal relations should never meet each other face to face, but ought to communicate through good and wise ambassadors' (Hamilton and Langhorne 1995, 223). But with politicians on the loose,

brandishing airline tickets, the role of the policy professional becomes even more important. The grounds for meetings must be thoroughly prepared, and the politicians must be as well informed as possible.

It is the strength, and the frustration, of democratic politicians that they listen to many voices, from many quarters. But—whatever they do with it—they have a right to expect the best advice from their foreign-policy professionals, and from public servants more generally. Foreign-policy professionals, therefore, have particular responsibilities in the way they fulfil their role. They must work hard to maintain their specialized knowledge; they must develop a sense of perspective and judgement; and they must keep questioning their assumptions.

In the first place, foreign-policy professionals have a responsibility to know their area, to remain up-to-date on the key issues of concern, to be aware of cultural, political, and historical backgrounds and sensitivities. That includes being aware of the connections between domestic and foreign policies of their countries of specialization. Just as the foreign policy of our own state is affected by numerous factors, including the priorities of the incumbent government and bureaucratic politics, the foreign policies of other states are similarly complex. Indeed, the preoccupations of many, if not all, the countries of the Asia-Pacific region are in domestic matters: problems (in no particular order) of economic growth, modernization, pollution, governance, health and education. China's socialist market economy, for example, is an unprecedented experiment, the details and workings of which will need to be closely watched.

Foreign-policy professionals have a particular skill at decoding messages, for foreign relations have their own peculiar sensitivities. Diplomacy attends to words and gestures and moods far more carefully than ordinary exchanges. For this is an area in which a misjudged word, or a misinterpreted message, can have disastrous consequences. It is for this reason that the 'temperature' of a relationship needs to be constantly monitored, and messages conveyed accordingly. Australia may have a particular advantage in this area. Australians—if I may resort to the unfashionable area of national stereotype—are reluctant to give offence, and rarely give offence deliberately. (I am reminded of some reminiscences of my late friend, Eugene Kamenka, who observed that when he arrived in Australia in the 1930s, a German-speaking Russian Jew fleeing from Nazism, he found that the reluctance of Australians to accept such aliens was outweighed by their reluctance to be deliberately rude.) But perhaps we need to balance against this positive image the rather less welcome one of the insular Australian tourist, blundering through foreign encounters, and giving gratuitous offence.

In the second place, policy professionals must be able to see beyond the headlines, and the day-to-day static of international relations. They must have some perspective on the international scene, the larger forces as work, and the general direction of movement. They should also be aware that governments sometimes use foreign policy issues as devices to divert attention away from domestic problems. Foreign-policy professionals must therefore not be easily

swayed by rhetoric, hyperbole or popular emotion. They must be cool-headed in the face of domestic pressures and foreign provocations.

It is also vital that foreign-policy professionals have a sense of history. It is not surprising that a country born of revolution, and promoting its ideals, is seen elsewhere as a threat, and regarded with suspicion. And, indeed, the United States *was* seen as a threat to the established powers of Europe for decades after its revolutionary birth.

Gaining perspective on the larger forces at work in the world gives rise to some difficult issues. There is a major debate, for example, about whether human rights are universal, in the sense of arising from the aspirations of people from diverse cultures. While it waxes and wanes, the debate over whether values are universal (Kelly and Reid 1998) may ultimately be decided in the affirmative by globalization. But if values are universal, they nevertheless still confront diverse countries and traditions, in which the ordering of their priority may be substantially different. In the midst of this diversity, no country has the right to set itself up as a crusader for its value priorities. Crusading has a deep historical stain, as a hypocritical and grubby affair which generally brings particular values themselves into question. The increasing communication and engagement at all levels between countries will lead to the interpenetration of ideas, and achieve more than stridency and force have ever done. If the west appears in the guise of human rights champion, we must remember that it earlier appeared to Asia in a rather more heavy-handed way: forcing countries open, fomenting rebellions and wars, imposing Christian missionaries, compelling trade. Idealism in foreign policy, against this background, either looks naïve or a cover for the pursuit of more mundane material interests.

To develop perspective and judgement, foreign-policy professionals must be open to different and challenging ideas. One of the major temptations of specialists is to keep moving in the same circles, talking to the same people, and not broadening or challenging their own views. They must, of course, travel; they should have some specialist language training; they should be encouraged to move from one organization to another in foreign-policy making circles; and they should attend professional conferences. Closed communities, whether of specialists or not, are self-reinforcing and ultimately self-deceiving.

In the third place, foreign-policy professionals must have a clear-headed understanding of the nature of relationships in the international sphere. They must also be aware that the 'national interest', by which the game of international relations is often assumed to be guided, is a complex, contested and changing notion. They must remember that if Australia pursues its interests (however defined), then other countries must be allowed to pursue theirs as well. They must be aware that, just as in physics, every action on the part of one country will have a reaction on the part of others. This is most clearly seen with the discussion and implementation of 'defensive' schemes and weapons which, in certain circumstances, may lead to an escalation of tensions and an arms race. In a related

sense, they must be aware that a fortress mentality generally does more harm than good.

The models we use to understand international relations have undergone the most extraordinary ferment over the past couple of decades. Models, including the 'realist' and the 'liberal' approaches, are certainly important. They provide the compass by which we navigate the seas of international relations. But, for any practitioner, they also present pitfalls and dangers. There is a danger that the model will substitute for the reality, or that the model will distort the appreciation of information. If the model becomes primary, and is not simply recognized as a tool, then (however good it might be) it increases the danger of conflict. Fashions in this area ought to be resisted, especially if they include suggestions of historical inevitability or necessity. Assumptions and models must always be tentative.

There are two issues, in particular, that test a professional approach to policy-making in our present circumstances. They concern the issues of 'friendship' in international relations, and 'national interests'. It is to them that I shall now turn.

Friendship

Australia's relationship with the United States is very important. It has significant historical depth; it is based on shared values; and it has a crucial military component. As a recent defence White Paper explained, Australia depends on US military technology to maintain its capacity for self-defence: 'The kind of ADF that we need is not achievable without the technology access provided by the US alliance' (Department of Defence 2000, 35). But Australia's role within the region may be hindered by its relationship with the United States; especially when Australia is seen by some regional states as the agent of the United States. Paul Hasluck, a foreign-policy professional who became Minister for External Affairs, reflected that his Prime Minister's 1966 slogan 'all the way with L.B.J.' was 'one of the most harmful slogans we had to counteract in our diplomacy when seeking to bring an understanding of Australia's interests and respect for our policies' into Asia (Hasluck 1997, 145). If it wishes to act as an honest broker in relations in the region, Australians must understand better the nature of true friendship.

The United States itself can show us the way on this issue. Its first President, George Washington, in his farewell address to the people of the United States in 1796, had some good advice for countries in our position. For, in some respects, the United States was then in the same position. Washington argued for an independent and honest course in foreign affairs, and explained: 'nothing is more essential than that permanent, inveterate antipathies against particular nations and passionate attachments for others should be excluded; and that in place of them just and amicable feelings towards all should be cultivated. The nation which indulges towards another an habitual hatred or an habitual fondness is in some degree a slave. It is a slave to its animosity or to its affection, either of which is sufficient to lead it astray from its duty and its interest.' A government must reject

either course. If the national propensity is towards ill will or resentment, the government might adopt what the best calculations of policy would reject. If the propensity is towards passionate attachment, there are other evils to face. As Washington said: 'Sympathy for the favorite nation, facilitating the illusion of an imaginary common interest where no real common interest exists, and infusing into one the enmities of the other, betrays the former into a participation in the quarrels and wars of the latter, without adequate inducement or justification.' A free people must deal honestly and justly with all nations, and avoid foreign influence.

Much has changed in international relations over the past 200 years, especially the rise of the United States from fledgling nation to world power. But much that is fundamental to the ways humans conduct their affairs has remained the same. Washington's address may be seen as underpinning the doctrine of isolationism, which seems to have a fluctuating influence upon US policy-makers, but his remarks on friends and enemies—about the approach to policy-making—are unequivocal.

Of course, friendship in the international sphere—between countries of different power—is a complicated matter. It must deal with the truth that the Athenians pointed out to the Melians before invading them, 2,500 years ago: 'right … is only in question between equals in power, while the strong do what they can and the weak suffer what they must' (Thucydides 1952, 505). Since the Treaty of Westphalia, the realities of power have been in constant tension with the formalities of equality.

Friendship in any sphere is not uncritical. Nor is it fawning, or flattering. Nor is it exclusive. Friends can, and do, disagree. Even their interests can diverge on one or more levels. If anything, friendship means an ability to be frank, and to be taken seriously when being frank. Real friendship sometimes requires courage. As Edmund Burke wrote in 1777 when he was being frank to his constituents (defending his opposition to laws passed by the English Parliament against the rebellious American colonists): 'I cannot purchase the favour of any man by concealing from him what I think his ruin' (Burke 1910, 37).

Australia's friendships are voluntarily entered into. But they sometimes bring with them the sense of being locked into a larger arrangement, reinforced by a type of blackmail (over the purchase of military *matériel*, and access to intelligence, for example). Australia must be able to differ with its friends. Perhaps then it will know who its friends really are.

Interests

It is a useful rule of thumb that nations follow their interests in foreign relations. But we should not allow that assumption to blind us to the fact that 'interests' can be a self-fulfilling hypothesis, and that interests can change by our own intervention. We should not rely on the notion of 'national interests' unthinkingly.

The 'national interest' is not something fixed and given, but something that develops and evolves. Countries pursuing their national interest are also countries that are in the process of defining and redefining that interest. In this section, I want to examine the notion of interests and what it can tell us, and caution that we should not rely on interests as much as we do when we analyse international relations.

The notion that interests are a major motivation for humans, and give us an ability to make accurate predictions about their behaviour, is old. In fact, the incorporation of 'interests' into the language of politics, in the mid-seventeenth century, marked the beginning of modern politics. 'Interest' is one of the key factors in the claim to making the study of politics scientific; as opposed to the impulsiveness of 'passions', interest suggested calculation. 'Interest' quickly became the predominant way of thinking about human affairs, and seemed 'so self-evident a notion that nobody bothered to define it precisely' (Hirschman 1977, 43).

Though it now plays a major role in the analysis of politics more generally, the first systematic discussions of interest arose in relation to foreign affairs. In 1638, the Duke of Rohan first published his *Treatise of the Interest of the Princes and States of Christendom* which soon became a major influence on English political thought. Rohan advised princes to put aside irrational prejudices and the advice of unreliable councilors, and pursue their goals as defined by the objective requirements of national preservation and the European balance of power. Rohan stressed calculation, and came up with a quote for which he would become well known: 'l'interest seul ne peut jamais manquer' (cited Gunn 1968, 553) which was properly rendered as 'interest alone can never fail', but ultimately became 'interest will not lie'. This summed up something people were increasingly eager to embrace: the notion that knowing and pursuing your interests will not lead you astray. In 1658 this message was taken up by Marchamont Nedham in his treatise *Interest Will Not Lie*, who explained that 'interest' had two meanings. The first was that if men knew their interests correctly (a source of much later contention) they would not be deceived into pursuing the ends of other men; the second, important for our purposes, was that 'if you can apprehend wherein a man's interest to any particular game on foot doth consist, you may surely know, if the man be prudent, wherabout to have him, that is, how to judge of his design' (cited Gunn 1968, 557). This emphasis on rational calculation allowed 'interest' to be extended from foreign affairs to the realms of any prudent man.

Modern politics is thus the age of interest, when individuals, classes and nations follow their interests. Hans Morgenthau's realist conception of international relations, in contrast to the Wilsonian idealism that preceded it, was explicitly based on the notion of interest. Realism, he argued, finds 'its way through the landscape of international politics' by 'the concept of interest defined in terms of power...Without such a concept a theory of politics, international or domestic, would be altogether impossible...We assume that statesmen think and

act in terms of interest defined as power, and the evidence of history bears that assumption out' (Morgenthau 1965, 5). Morgenthau may have been right to argue that we should not look solely to the publicly-declared motives of statesmen to understand foreign policies. But his shift of focus onto interest makes the study of international politics no more certain. Morgenthau argues that politics is about maximizing power, and he adds that the standards of politics are supreme above all others, including economic and moral standards (12).

Nevertheless, the notion of interest as power is too narrow to usefully comprehend the reality of interests. And it is notable that having made his definition of power at the outset, Morgenthau spends little time on its concrete content for the remaining 600 pages of his seminal book. Whatever other objectives states may have, he sees power as fundamental. But this must be regarded as an assumption, not as a fact. I am not suggesting that formulations of interest are not useful, especially in so far as they involve careful consideration and caution against impulsiveness. But the great difficulty is to give any coherent content to the notion of interest in any particular case.

This is the great difficulty with the notion of 'interest'. For it is often used in a circular fashion in political debate, and is argued *ex post facto*. That an action is done (a position taken, a goal defined, an alliance concluded, a campaign begun, and so forth) is used as evidence that an interest existed which resulted in that action. But we need to be cautious, especially as so many people use the term 'interest' as an explanation for many or even most behaviours when they are merely describing them in a different way. The identification of interest can also be self-fulfilling; merely positing an interest can sometimes result in it being pursued and fulfilled. 'Interest' has become unassailable in another sense also: if someone does not follow what others see as his/her 'interest', he or she is declared not to have perceived or understood her interest. In other words, the distinction between having an interest and perceiving it, the objective and subjective dimensions of interest, are used in such a way that the content of interest can never be controverted. If people have not followed their interest, then they haven't properly understood them.

The content of interests is difficult to determine with any precision. Historical attempts to pin-point and measure interests have failed, for the very reason that they are not fixed. Let us accept that for general purposes, interests are aspirations that people think are realizable. We can certainly make some reasonable judgements about the national interests of countries, incorporating knowledge of their objective situation, their history and their stated aspirations. But not only is it difficult to determine precisely what national interests are at any particular moment, they change over time. As John Plamenatz explained, with characteristic clarity but also with characteristic 1950s sexism, 'A man's pursuit of his interest is not a chase that does not change the nature of the quarry. It is as a competitor, a collaborator, and a negotiator with other men that a man acquires the ambitions and settled preferences he calls his interests; and the same is true of classes of

men. The pursuit of interest, unlike the hunt, is like war or marriage, where conflict and collaboration quite change the nature of the objects for whose sake they were first undertaken' (Plamenatz 1954, 7). The same may be said of the interests of nations.

Conclusion

I wrote at the outset about a broad and fundamental transition in international relations. But it is the relationship between the United States and China that will set the strategic scene for the coming decade and well beyond. Whether that relationship is primarily adversarial or cooperative is something that is important to Australia, and something that Australia can help to influence. Australia is constrained in what it can do in the region, and in this larger strategic relationship. It is a middle-level power. Our military means are not enough to mount more than minor operations of our own, or to support allied forces. And yet, on the diplomatic front we have played, and can continue to play, a substantial role by virtue of intelligence, perspective and tact. The Chinese and the Americans must themselves play the decisive part in their own relationship, but it is inevitable that Australia will be involved, and we must be ready with a considered, long-term view. The coming decade will test the mettle of our foreign-policy professionals.

In many respects, Australia has a good international, and a growing regional, reputation. Its history as an outpost of British imperialism, and its own struggles to better fix its identity and confront domestic problems, may be an easy target for cynical politicians overseas for their own domestic political consumption. There is nothing we can do to alter Australia's past, but we should not be ashamed at some of its major legacies: parliamentary government under the rule of law, the prosperity that comes from a market economy, and a tolerance of diversity. Our people and our achievements must speak for themselves, because—beyond a minimal level—our government cannot speak for them. One of the things that holds us back in developing real attitudes of self-reliance, and confronting the region unashamedly, is an exaggerated sense of the burdens of our history and the problems with our culture. Australia lacks a sense of self-confidence, and looks elsewhere for a sense of affirmation; it is uneasy about its sense of identity. We must understand our strengths as strengths, and not apologize for them. We must confront our weaknesses, and deal with them on our own terms. Such a change of attitude cannot be conjured up. It cannot be manufactured by public-relations campaigns by government departments or bombastic politicians. This is a more fundamental problem in our approach, but it should at least be noted.

The role of foreign-policy professionals is a vital, and distinguished, one. Apart from conveying their expertise to government, their role is sometimes to advise restraint upon their political masters, and to think of the longer term. The pressures on policy professionals are different from those upon politicians, who must seek re-election, and must consequently keep touch with the people. Bowing to the people's prejudices, instead of informing and educating them—leading them—is

one of the greatest temptations of the democratic politician. Genuine political leadership in a democracy is the ability to enlighten the reason of the people, not to flatter their passions or pander to their prejudices.

To engage with the region, to give ourselves the best chance of benefiting by its development and contributing to its security, Australia must be prepared to face the challenges as they arise without being constrained by an exaggerated and uncritical sense of friendship with the United States, but with a sense of our intrinsic connection to the region, and with a confidence that we have a legitimate role to play. In all of this, the guidance of the foreign-policy professional will be crucial.

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3

The rhetoric of Australia's regional policy

James Cotton

Discussing the evolution of Australia's regional policy involves making some assessment of conflicting partisan claims as to its invention and promotion. Former Prime Ministers Paul Keating (1991–96) and Gough Whitlam (1972–75) both claim to have invented the idea of pursuing engagement or community in the Asia-Pacific region and both wrote books advancing their respective claims (Whitlam 1981; Keating 2000). On the conservative side of politics, Percy Spender (Foreign Minister 1949–51) and R.G. Casey (Foreign Minister 1951–60, later head of state) paid great attention to diplomacy in the Asian region and also wrote books on this theme (Spender 1969; Casey 1955). Nor is this a matter only of historical interest. In the 1990s one feature of election rhetoric has been the charge that one side of politics or the other cannot be entrusted with government since they did not have regional credibility or, alternatively, could not advance Australia's regional interests without compromising important values.

Setting aside these partisan questions, Australia's regional policy rests on several key geo-political legacies. Australia is a largely European derived society on the fringes of the Asian land mass. It is sparsely inhabited yet its armed forces must defend an entire continent. Australia's security has traditionally been sought through alliances or cooperation with extra-regional powers, first with Great Britain and from 1942 with the United States. This strategy has generally served Australia well, and it is popularly believed that only the US commitment to defend Australia prevented a Japanese invasion during the Second World War. However, there have been important occasions when there were doubts that these partners had Australia's security as their highest priority, a historical record that has also perpetuated a sense of strategic uncertainty. Perhaps the most famous episode was the attempt by British Prime Minister Churchill in February 1942 to divert Australian troops returning from the Middle East for the campaign in Burma when the Australian government was expecting their return for the defence of the homeland (Grey 1999, 168). Similarly, Australian policy-makers were

disappointed to find, in 1961, that the United States was prepared to support the Indonesian acquisition of West Papua in the interests (as was the perception in Washington) of keeping Jakarta out of the communist bloc even though this was anathema to the Menzies government (Pemberton 1987, 70–106). As a consequence, Australia then came to share an ill-defined border with Indonesia under the unpredictable and increasingly leftist leadership of Sukarno. Australia's commitment of troops to the Vietnam War (despite the domestic turmoil this generated) can be partly understood as an attempt to help secure long-term US involvement in Australia's immediate region (Edwards 1992, 358–62). At that time, of course, it was not imagined that once committed, the US would not prevail.

The other legacy that has had an enduring impact has been the radical reorientation of economic linkages. Even in the 1930s, signs emerged of economic complementarity between Australia and Japan, though at that time Britain accounted for more than half of all Australia's trade and the majority of foreign investment. In the immediate post-war period Britain resumed its role as chief trading partner, but through to the 1970s this predominance of British linkages progressively declined. By 1970 Japan had become the single largest destination for Australian exports, a trend encouraged further by the loss of major markets when, to the dismay of many in Australia, Britain joined the (then) EEC in 1973. By this time trade with the US was very significant, and investment from the US and (later) from Japan grew to rival levels of British investment, an issue vital in a nation traditionally dependent upon the importation of capital (Meredith and Dyster 1999, 192–221; Tweedie 1994).

These security and economic developments need to be seen in a social context. For almost the first half of its life, the Australian federation was avowedly an Anglo-Celtic country. By degrees this position was abandoned, first regarding immigration from the European area, and then from Asia. By 1966, exclusions on immigration on the grounds of race were abandoned and in 1973, an explicitly non-discriminatory definition of Australian citizenship was enacted. By the early 1980s 'Asia' outpaced 'Europe' as the largest source of immigrants, and of the former group those from Hong Kong were the most numerous (Mackie 1997, 18–24). The era of Australian 'multiculturalism' had begun. This trend coalesced with what by now was the dominant cultural view that being 'Australian' entailed a distinctive and unique national consciousness.

If emerging economic complementarities and immigration trends were the most noticeable form of regional engagement, other developments were also important. Through the 1970s the foundations were laid for a defence relationship with Indonesia, involving joint training, technical assistance and a certain level of information exchange. Australia also maintained close security relations with Singapore and Malaysia under (from 1971) the Five Power Defence Arrangement, a legacy of the insurgency in the peninsula conducted by the Malayan Communist Party against the British colonial authorities (Millar 1991).

The Hawke-Keating governments

Under the Hawke government (1983–91), the economic trends already discussed were enhanced by the movement towards the internationalization of the Australian economy. Not without political controversy and entailing significant dislocation to some industries, protection of domestic manufacturing was progressively abandoned. The Australian market was thereby opened to the rising industrial power of East Asia.

At this time Japan was already the world's second largest economy and, in part as a result of the export of Japanese capital, the Asian NIC economies were growing at an extremely rapid rate. Elsewhere in the Asia-Pacific region, some of the countries of Southeast Asia were experimenting with similar outward looking development models, and China's turn away from Maoist autarchy (from 1978) added enormous economic potential to an already large and increasingly integrated regional economy. The liberalization of the Australian economy drew in increasing imports from all of these economies while, simultaneously, Australia became a significant source for their exports of raw materials. By way of illustration, by 1990 a single company in Korea (POSCO) became the largest single importer of any Australian commodity (in this case, coal).

The Hawke government sought to manage these trends to maximize their advantage to Australia. In the late 1980s a number of official and commissioned reports set out the government's regional agenda. Regarding population, in 1988 the Fitzgerald Report recommended that Northeast Asia in particular be seen as a potential source of skilled immigrants (Fitzgerald 1988). In 1989 *Australia's Regional Security* anticipated the emergence of new and cooperative security modalities embracing the entire region (DFAT 1989). The most important of these expressions of a distinctive approach to the Asia-Pacific region was the 'Garnaut Report', *Australia and the Northeast Asian Ascendancy*—authored by a team chaired by Australia's former ambassador to Beijing, which appeared in 1989.

Garnaut's argument was that for Australia to take best advantage of the rapid growth in the region, and especially in Northeast Asia, the domestic economy should be further liberalized (Garnaut 1989). Such liberalization should be accompanied by changes in training, travel, and education to make Australians more aware of the region and facilitate access to its cultures, cities and markets. Recognizing differences between Australia and its new partners in connection with political and social systems and values, Garnaut recommended taking a long term and pragmatic view. Rather than directly confronting illiberal practices regarding human rights policy, or lack of free expression, he argued that, as it was a general trend that the liberalization of social and political systems followed economic liberalization, therefore there would be a gradual convergence of these values. Meanwhile, Australia's most positive contribution in this area was to encourage a market orientation which, to an extent, required Australia to lead by example.

Though Garnaut's message received a good deal of bipartisan support, it was also subjected to a variety of critiques (Richardson 1991). Some commentators

claimed that other lessons should be drawn from the success of the Asian economies, for example on the need for a targeted 'industry policy'; others suggested that the purported linkage between political and social liberalization did not always emerge in the unqualified way Garnaut suggested. But the breadth of support for many of his arguments indicated that Asia, and Northeast Asia in particular, were now major preoccupations for policy-makers.

As to the modalities best suited to entrench and institutionalize the growing complementarities between Australia and the Asian region, multilateral means were favoured by the Hawke and Keating governments. Here it should be recalled that the global context for these policies was the end of the Cold War and the deepening of economic and security cooperation across Europe evident in the functioning of such organizations as the CSCE/OSCE (Conference on Security and Cooperation in Europe) and the European Union. Accordingly, Australia was a founder member of APEC (in 1989) the conceptualization of which owed much to the Australian policy community. Similarly the (then) Foreign Minister, Gareth Evans, was one of the first advocates (in 1990) of a region-wide security architecture which was eventually realized in the ASEAN Regional Forum (1994) (Ball and Kerr 1996).

Nevertheless, other strands—old as well as new—could be detected in the fabric of foreign policy. The alliance with the United States remained fundamental in security calculations. In addition, Foreign Minister Gareth Evans became a prominent, if not always dexterous, practitioner of 'middle power activism' in connection with a wide range of issues, from global arms control—Australia making an especially significant contribution to the negotiation of the Chemical Weapons Convention (Findlay 1993)—through the resolution of such perennial problems as the conflict in Cambodia to the building of international coalitions of agricultural producers to wrest fairer conditions of trade from the industrialized world (Cooper et al. 1993, 50–82). And Australia remained committed to the defence of Malaysia and Singapore under the 'Five Power' security agreement, an inheritance from the end of the British empire.

From time to time there were signs that all these many objectives and modalities produced incoherencies (Goldsworthy 2002). Strains emerged in the alliance with the US when the government sponsored an international inquiry—the Canberra Commission—that found the possession of nuclear weapons to have no moral basis, and correspondingly some of Australia's new security interlocutors remained sceptical of a country that espoused the notion of common security while relying upon links with a power perceived as a de facto regional hegemon. Neither were these policies without domestic controversy. Though there was much support in the wider political policy community and among elites for regional engagement, there was still some community scepticism and even unease that the 'Asianization of Australia' would follow (McAllister and Ravenhill 1998). Seen in the longer perspective, however, the considerable reorientation of Australia's external policy that occurred in these years was remarkably free of pain or controversy.

The transition to a Liberal-National Party coalition government

Having run its course, the Labor administration was replaced by a Liberal-National coalition government led by John Howard in March 1996. At the outset, the new administration adopted quite a different tone in its approach to external issues. It described its philosophical position as 'realist' and defined its principal objective in this area as a pursuit of 'the national interest' defined in terms of the physical security of Australia and its citizens and their economic prosperity. In the words of the 1997 White Paper, *In the National Interest*,

> Preparing for the future is not a matter of grand constructs. It is about the hard-headed pursuit of the interests which lie at the core of foreign and trade policy: the security of the nation and the jobs and standard of living of the Australian people. In all that it does in the field of foreign and trade policy, the Government will apply this basic test of national interest (DFAT 1997, iii).

Whereas in the Keating era republicanism was on the political agenda and aspects of the British inheritance and historical record were derided, Howard rejected such re-evaluations as the 'black arm band' school of history and, in a phrase that often occurred in public pronouncements declared: 'we do not have to chose between our history and our geography.' Accordingly, though the government did not reject the idea of 'engagement' with Asia, it was much more inclined to view this strategy as desirable only if it served 'the national interest' and if it did not require or encourage the abandonment of essential values and traditions—especially transparency and the rule of law. Nevertheless, Foreign Minister Alexander Downer (undoubtedly more internationalist in his outlook) tirelessly reiterated the message that 'engagement with Asia' was still the country's most important diplomatic task.

In other circumstances, the pursuit of foreign and defence policy under the Coalition government might in practice have resulted in little substantive variation from that of its predecessor. The Australian foreign policy debate, after all, had been characterized for many years by a considerable element of bipartisanship. The Howard government, however, soon had to grapple with developments in the region that overturned many of the established assumptions of the foreign policy community. The regional financial crisis that began in mid-1997 negated the widely shared expectation, as expressed in *In the National Interest*, that an increasingly prosperous Asia would inexorably bring Australia into its economic orbit while compelling a more judicious and nuanced approach by Canberra to more self-confident and perhaps even more assertive and capable neighbouring powers.

Within the space of a few months, the relatively benign and predictable regional environment became turbulent and uncertain. The political repercussions of the crisis, especially the attempted democratization of Indonesia, inevitably subjected past attempts to build bridges with regimes and leaderships in the region

to new and critical scrutiny. But it was not just previous relations with individual regimes that came under question. The backlash of Asian governments against perceived western indifference to their financial plight, and the stimulus this gave to the creation of an East Asian identity, threatened to undermine Canberra's attempts at fostering regional organizations across the Pacific Rim.

The financial crisis highlighted the ambivalence in the Coalition's approach to the region. On the one hand, the government responded quickly and generously to the international relief programs for Thailand, Indonesia and then Korea. On the other, the crises provided an opportunity for the government to point to the distinctiveness of Australia's economic and even social systems as an explanation for why the nation was immune from the regional contagion (Wesley 2002). As the Foreign Minister remarked of Australia's record, 'what other country in the region has managed, in the face of the toughest economic conditions for fifty years, to maintain both strong economic growth and successfully renew democratic institutions through the holding of a free and fair general election?' (Downer 1999, 4). From being a pupil of the Asian dragons in the previous decade, Australia now volunteered itself as an instructor in the ways of reform. Australia's assumed role as tutor was not well received in many parts of the region. At the same time the government was successful in managing a significant reorientation in Australia's trade. In the first 12 months of the crisis, there was a 22 per cent increase of exports to the European Union and 40 per cent increase in exports to the United States.

ASEAN and APEC proved ineffectual in dealing with the crisis, and Canberra's somewhat sceptical approach to regionalism manifest after 1998 was in part a response to this poor performance. However, the Australian government still sought to use the latter as a basis for encouraging those reforms that would prevent a further recurrence of financial crisis, and attempted to pursue closer trade relations with the former through a proposed link between the ASEAN Free Trade Area and the Closer Economic Relationship agreement between Australia and New Zealand (a linkage eventually rejected by ASEAN).

The ineffectiveness of APEC, the organization that was the centrepiece of the previous government's strategy of economic engagement with Asia, generated two responses from the region to which the government was slow to respond. One was the formation of the ASEAN Plus Three grouping, which realized Malaysian Prime Minister Dr Mahathir's long-standing goal of creating a region-wide East Asian grouping specifically excluding Australia. The second development was a new interest, particularly on the part of Japan, Singapore, and Thailand, in the negotiation of bilateral discriminatory trade agreements. The government first rejected the relevance for Australia of the ASEAN Plus Three grouping and then lobbied to join it. And after decades in which Canberra had opposed bilateral trade agreements in support of its preferred alternatives of multilateralism and open regionalism, the Howard government belatedly adopted this strategy by seeking to negotiate free trade agreements with the United States, Singapore, and Thailand.

To this extent, regional engagement was to be much more selective than in the past.

The Howard government's preference for closer cooperation with traditional allies and a more discriminating attitude towards regional and global institutions was challenged by developments not just in the region but throughout the world system. The growing interdependence of states—reflected in the emergence of global issues and opinions, and in the strengthening of global institutions and regimes—threatened more restrictive conceptions of the national interest with obsolescence. Global warming, the entrenchment of human rights standards, the proliferation of weapons of mass destruction, all demanded comprehensive solutions beyond the capacity even of groups of states. The financial crisis itself demonstrated the vulnerability of important economies to a world financial regime constructed on the foundation of new technologies in the 1990s.

Domestic political developments also challenged the Howard government's policies towards the region and on important global issues. Even in the less turbulent times of Prime Ministers Hawke and Keating, Australian elites were in some danger of outpacing popular opinion on many of the aspects of Asian engagement, from security to immigration (Cotton and Ravenhill 1997, 12–13). In a domestic development with significant and still continuing impact on Australia's external policies, the Howard government was forced to deal with a new political force seeking to mobilize voters in the name of what was alleged to be a growing gap between elite preferences and popular aspirations.

This force was manifest with the irruption of Pauline Hanson onto the political stage, first as an outspoken independent, then as the leader of a party that won some 23 per cent of the vote in the 1998 Queensland state elections, and (more significantly) 8.4 per cent of the vote in the federal election that returned the Coalition to office in that same year. Hanson was never clear on the policies to be used to achieve her goals, but she was outspoken on what she disliked. In her parliamentary maiden speech she complained of the actions of many malevolent agencies in Australia: 'financial markets, international organizations, world bankers, investment companies and big business people'. She also warned of the dangers of 'being swamped by Asians'. All of these phenomena could be traced to the impact of globalization on Australia, and to the government's partial dismantling of policies of social protection.

Although her party, 'Pauline Hanson's One Nation', disintegrated and she lost her federal parliamentary seat, the temporary revival of her movement at the end of 2000 and its undoubted influence on election results subsequently in state contests in Western Australia and Queensland illustrated that it might not be a transient phenomenon—and certainly that the fears that sustained such a populist movement were far from ephemeral. Moreover, it was a political force that posed the greatest threat to the Coalition, since those who voted for the party were largely individuals who had previously voted for the National or Liberal Parties (Jackman 1998).

Hansonism presented the government with a powerful electoral motive to underscore its scepticism of regional engagement and its defence of a restricted conception of national interest. In what can be seen in retrospect as an extraordinarily active period in foreign policy making, the government's performance and utterances from 1997 especially regarding the Asia-Pacific region cannot be properly understood without a consideration of this domestic dimension. The most important policy innovation over these years was undoubtedly the decision to abandon support for Indonesian sovereignty in East Timor, a decision that led first to extensive and prominent support for the United Nations Mission in East Timor (UNAMET) ballot in the territory and then to the September 1999 military intervention.

The implications of the East Timor intervention

From a realist perspective, Indonesia is the key to Australia's defence. It commands the nation's northern approaches from which or through which any conventional military attack on Australia would be launched. A stable and friendly Indonesia is therefore crucial for Australia's security. From a common security perspective, there are added (or perhaps alternative) reasons for fostering good relations with Jakarta. Indonesia is the key to any wider multilateralist strategies for creating regional order. Indonesia is the dominant power in ASEAN, and this group is both the core of the ASEAN Regional Forum and the pioneer of the modalities for cooperation adopted by APEC. From this perspective, the negotiation of the 1995 'Agreement on Maintaining Security' with Indonesia was widely regarded as reconciling two potentially different conceptions of regional security and thus finally resolving the most important issue in Australia's strategic neighbourhood (Hartcher 1996).

If there is one policy that has had broad bipartisan support in the last 25 years it has been Indonesia's forcible annexation of East Timor (Cotton 1999). In acquiring the territory, Indonesia violated the international norm against aggressive and forcible action and also denied the right of the inhabitants to self-determination, these transgressions being reflected in the censure of Jakarta by the UN Security Council and the refusal of the UN to recognize the acquisition as legitimate. Nevertheless, Australia under a Coalition government extended *de jure* recognition to the annexation in February 1979, a position reaffirmed by the Hawke Labor government. The reasons for this policy were an uncertain and variable mix of the perceptions of Indonesia noted above. The decision by the Howard government to overturn this bipartisan legacy was the most significant development in policy towards the Asia-Pacific region since the Vietnam War.

Global changes constituted the background to (or preconditions for) this policy shift. These included the rise in the post Cold War era of the doctrine of intervention and also the fact that a democratizing Indonesia in economic crisis was more amenable than in past times to international pressure. But a novel understanding of Australia's regional role was undoubtedly a factor in the

government's calculations. As the Prime Minister was reported to have said in a widely quoted magazine interview:

> [The East Timor operation] has done a lot to cement Australia's place in the region. We have been seen by countries, not only in the region but around the world, as being able to do something that probably no other country could do; because of the special characteristics we have; because we occupy that special place—we are a European, Western civilization with strong links to North America, but here we are in Asia (Brenchley 1999, 24).

Australian leadership of the INTERFET (International Force East Timor) intervention in the territory in October 1999 was a watershed event. The impact of the East Timor commitment had nothing less than a profound effect on many aspects of Australia's regional security and defence posture. Australian-Indonesian relations were placed on a new footing, past and future regional engagement became the subject of vigorous debate, and defence priorities were re-ordered.

Relations with Indonesia took a wholly new course with the intervention. Prior to 1999, there were expectations that the emergence of democracy in Indonesia, especially in the context of Australia's US$1 billion contribution to the International Monetary Fund relief package provided as a response to the regional financial crisis, would put relations with Jakarta on an entirely new basis. Australian support for the infrastructure necessary to stage the 1999 parliamentary elections was indicative of the awareness that the progress of democratic consolidation was vital for Australia's national interests. But this support counted for very little in the balance as against what was widely represented in the Indonesian media as Australia's 'arrogance' and 'betrayal' over East Timor. This perceived hostility stirred passions. A vehicle carrying the Australian Ambassador was shot at in Dili. After the Defence Minister stated that all bilateral defence contacts with Indonesia were suspended, Indonesia announced on 16 September that the 1995 bilateral Agreement on Maintaining Security would be abrogated. The agreement was then dismissed by the government as of little consequence, but its demise marked the end of a defence relationship painstakingly constructed from the 1960s. As the INTERFET operation began, demonstrators gathered outside the Australian embassy and there were violent incidents. And President Wahid himself described Australian policy as 'infantile' (*Antara*, 30 September 1999; Hill and Manning 1999; Bhakti 1999).

Despite strenuous diplomatic efforts, including a visit to Jakarta by Foreign Minister Downer in February 2000, relations with Indonesia remained in an awkward phase. Ironically President Abdurrahman Wahid was personally very familiar with Australia and was also extremely fond of overseas travel, yet he could only be tempted to visit the country in the twilight of his presidency. It was therefore something of a surprise that Prime Minister Howard was invited to meet his successor, Megawati Sukarnoputri, immediately upon her taking office. The two leaders met again in 2002 when they agreed to measures of bilateral

cooperation in the international campaign against terrorism. In an area of great concern to Australia, the transit through Indonesia of people smuggling networks, much work however remained to be done.

Finally, Australian intervention in East Timor was seen as a possible harbinger of future interference in Indonesia's internal affairs, especially in connection with West Papua. Despite strenuous denials from the Australian government, this suspicion was encouraged by statements from Colin Powell, shortly after being nominated by President-elect Bush as the new US Secretary of State. In remarks he made during confirmation hearings, he signalled a new scepticism of humanitarian interventions, and indicated that more reliance would be placed on allies, specifically referring to Australia's decision to 'take the lead' regarding Indonesia (*Sydney Morning Herald*, 19 January 2001). These remarks found an attentive audience in Jakarta.

If there was uncertainty in Indonesia regarding Australia's intentions in the region, this was a consequence not only of the nation's role in UNAMET and INTERFET, but also a reaction to the very public debate that the latter engendered. While Australian forces were committed to Timor with the undoubted expectation that there would be loss of life, the success of the operation led to statements from political and military figures that seemed to imply a larger if indeterminate commitment to similar undertakings in the future. For a short period the 'Howard doctrine', by which this position came to be known, depicted Australia as playing a role as a 'deputy' to the US in keeping the regional peace (Lyons 1999).

According to the government's account, the objectives of the East Timor intervention were threefold. First a perennial problem in Australia-Indonesia bilateral relations was being addressed. It was incontrovertible that the perception of Indonesia's human rights record in East Timor had been an obstacle to a more favourable public assessment of that country for a generation. Second, and in light of the fact that the UN still held Indonesian occupation to be illegitimate, a new status for East Timor would remove perhaps the major obstacle to Indonesia playing a positive role in the world, commensurate with its size and potential. Third, the intervention was a response to the very strong reaction in the Australian public that was prompted by the violence and suffering experienced by the East Timorese in the aftermath of the ballot.

It was the fate of the Timor issue, despite the very particular circumstances that led both to the Australian policy change and also to the INTERFET intervention, to tend to be generalized into a novel and path-breaking national approach to the region. In the parliamentary debate of 21 September 1999 on the issue, the Prime Minister used the opportunity to outline some 'home truths' regarding Australia's position in the region. Though not as outspoken as the putative 'Howard doctrine', this statement represented the most distinctive and considered contribution by the Prime Minister to foreign policy discourse since he assumed office in 1996. The first of these truths was that foreign policy must be based on a clearer sense of 'national interest' and 'values'. The national interest requires Australia to pursue

relationships on the basis of mutual interest and to recognize 'where they exist, differences in values and political systems.' Secondly, Australia occupies 'a unique intersection—a western nation next to Asia with strong links to the United States and Europe' and therefore commands 'unique assets.'

> We have stopped worrying about whether we are Asian, in Asia, enmeshed in Asia or part of a mythical East-Asian hemisphere. We have got on with the job of being ourselves in the region. In turn, the region has recognized that we are an asset and have a constructive role to play in it (*Commonwealth Parliamentary Debates* 21 September 1999, 10029).

The assets listed include the ANZUS and Five Power security alliances, and also bilateral defence cooperation programs. However, the alliance with the US was then identified as a separate (third) truth, and was described as functioning 'very effectively', having helped deliver a significant US contribution in this instance. Adequate defence resources were the fourth truth, and as the prevailing security climate was 'uncertain', these resources were apparently insufficient, and additional expenditure was thus foreshadowed. The fifth and final truth was the need to take account of 'the values of the Australian community', and the inference to be drawn from this was that Australia should not seek 'a good relationship with Indonesia at all costs or at the expense of doing the right thing according to our own values.' In each one of these 'truths' may be detected a statement of the distinctiveness, by comparison with the region, of Australia's identity and interests.

Returning to the issue of Australia's regional assets, John Howard contrasted his approach with that of some commentators who maintained that under his tenure Australia would be excluded from regional frameworks and thus would never be accepted in Asia. This underestimated Australia's capacities and institutions, especially as demonstrated by the nation's positive performance during the Asian economic crisis:

> ...our economic, military and other credentials are respected and give us a capacity to help and constructively participate in the region. Just as we were in a position to assist our neighbours during the Asian economic crisis, so also on East Timor we have shown that we have the capacity under the United Nations to work with our regional partners in putting together a multinational peacekeeping force. It is an example of both our commitment to the region and our capacity to make a constructive and practical contribution to its affairs (*Commonwealth Parliamentary Debates* 21 September 1999, 10031).

On this understanding of Australian foreign policy, the Timor commitment was consistent with the national interest in two respects. Australian forces were being used in the service of international institutions and with Indonesian consent to assist the East Timorese to realize the choice they had made in an internationally supervised ballot. And these forces, by suppressing violence, would restore regional order and end uncertainty. But the issue of whether Australia's putative

'assets' were entirely welcome in the region was not considered. Moreover, the enhanced military preparedness that would allow Australia to embark on a similar intervention in the future might conceivably be seen as a threat rather than a positive contribution to regional order, and was certainly represented as such by Australia's critics. Indeed, Malaysia's Prime Minister Dr Mahathir was forthright in his criticism of Australia's regional designs, though other criticism expressed in Southeast Asia was more muted (*South China Morning Post*, 27 September 1999). However these developments are to be interpreted, Australia's willingness to employ military force marked virtually the end of the policy of 'regional engagement' principally by way of participation in multilateral institutions and the practice of consensus diplomacy.

Finally, the East Timor experience had a powerful impact on security perceptions. Australian forces performed well during the crisis of 1999, especially given the immensely difficult logistics involved in inserting and supporting in a potential hostile theatre a multinational force the components of which had no prior experience of working together. Yet the commitment revealed potential lack of capacity, and as a result the 2000 Defence White Paper stated a commitment to significant increases in expenditure, albeit over a ten year period (Department of Defence 2000). Such expenditure increases were already expected, given the problem of block obsolescence in much defence equipment. What was unprecedented in the White Paper was the clear statement that after the defence of continental Australia, 'lower level operations' including peacekeeping are the next most important priority for the ADF (Australian Defence Force), and that other features of the East Timor experience may recur:

> This might require the ADF to contribute to regional peacekeeping and humanitarian relief operations and help evacuate Australians and others from regional troublespots. We should be prepared to be the largest force contributor to such operations. Our planning needs to acknowledge that we could be called upon to undertake several operations simultaneously, as we are at present in East Timor, Bougainville and the Solomon Islands (Department of Defence 2000, 39).

What scenarios are anticipated here? The White Paper underlines the strategic primacy of Indonesia, and states that Australia's security would be threatened by 'adverse developments' inside Indonesia, whether internally or externally generated (Department of Defence 2000, 22).

On East Timor, the White Paper signals nothing less than a continuing security commitment:

> Within a short time East Timor will pass from UN authority to full independence. Australia will seek to develop an effective defence relationship with East Timor...East Timor faces formidable security challenges. Our aim will be to provide, with others, an appropriate level of help and support for East Timor as it builds the capabilities and national

institutions that it will need to ensure its security and thereby contribute to the security of its neighbourhood (Department of Defence 2000, 37).

A week before the document was released to the public, the Defence Minister announced a $A26 million aid program to help train and equip a defence force, the core of which was being drawn from FALINTIL, the guerrilla resistance army that was for a generation the Indonesian military's most dogged opponents (*The Australian*, 24 November 2000). Nor will relations with independent East Timor necessarily be harmonious on this account or even in light of the A$150 million of aid promised by the government in 2000 for a four-year period. (Australian Agency for International Development 2001) In short, Australia is now committed to the protection and development of a country the birth of which constitutes Indonesia's greatest policy reversal in all of its history as a nation. In this context it should be acknowledged that the message of the intervention for the region was decidedly mixed. Some ASEAN states participated in the INTERFET operation, but there were also some expressions of dismay and distrust at what was presented as the humiliation of Indonesia and its armed forces by an external power.

In retrospect, this shift in policy is in part testimony to the weaknesses and limitations of those multilateral institutions that had been the preferred mechanisms for regional engagement prior to the 1997 regional crisis. Since 1967 ASEAN has been committed to principles of non-interference in the affairs of other states, the pacific resolution of disputes, and an avoidance of external power entanglements. Indonesia's invasion of East Timor violated all of these principles not least because the Indonesian military became dependent thereafter on US military *matériel* and assistance. Yet East Timor was never a matter raised within ASEAN; indeed, the ASEAN countries maintained a united international front on the issue (Inbaraj 1995). The reasons for this solidarity are not far to seek, but this episode may be taken to illustrate that such principles are only as determining of state conduct as power relations permit. Even in September 1999, when faced with the most significant regional security crisis since Vietnam's invasion of Cambodia, the ASEAN role was marginal, the group's foreign ministers initially even resisting discussing East Timor at the APEC summit in Auckland. If this was a non-subject for ASEAN, then it was never likely to appear on the agenda of the ASEAN Regional Forum. Without pursuing this issue too far, it may even be argued that these institutions were part of the problem, since they legitimized the Indonesian regime as a credible actor and made its cooperation vital to regional order. The inability of the ASEAN Regional Forum even to discuss the Taiwan issue, despite the fact that (in some scenarios) it may lead to a major East Asian war, is a further illustration of the limitations of such diplomatic mechanisms (Lim 1998). Now these arguments are not the kind that any government spokesperson is likely to articulate publicly, but their logic supports the realist turn that became evident in foreign policy pronouncements from 1996.

The regional burdens of alliance

The East Timor commitment constituted a significant test of the alliance with the United States, while also appearing to underline the necessity for realist calculations in an environment where multilateral mechanisms are ineffective. Despite some anxious moments in Canberra, the United States agreed to join the INTERFET coalition and in announcing this policy President Clinton specifically cited the alliance with Australia as a major consideration in his decision (Cotton 2001). It should be recalled that US arms supplies were indispensable in facilitating the pursuit by the Indonesian military of the East Timorese resistance army, and the US was associated from the very beginning with the annexation by virtue of (then) Secretary of State Henry Kissinger's encouragement of the policy (National Security Archive 2002). And despite the relatively small number of US personnel involved, Washington's role in 1999 was crucial. US diplomatic leverage (not least within the Bretton Woods institutions) impelled the Indonesian government to sanction the INTERFET operation. In the uncertain and potentially hostile environment of East Timor, US intelligence assets and heavy lift capability were vital (Schwartz 2001).

Indeed, in 2000 and into the Bush administration, US spokespersons were willing to cite the Australian role in East Timor as an example of the more self-reliant alliance model they wished to see world-wide, with the local partner in the alliance relationship taking the initiative and providing many of the forces (and footing much of the bill) while Washington provided diplomatic, intelligence and logistics support. Comprehensive cooperation with Washington however requires 'interoperability' of platforms and systems, and in anticipation of further regional crises Australia now faces some difficult choices if it is to remain a full member of the alliance.

The Revolution in Military Affairs (RMA) promises to transform conflict into a contest in which superior technologies deliver mastery (Cohen 1996). Australia had traditionally relied upon the possession of advanced armaments and information technologies to offset the disadvantages of its small population and immense territory. As part of the UKUSA network Australia has engaged in intelligence sharing with the United States since the early years of the Cold War (Richelson and Ball 1985). To participate in the RMA, according to some specialists, not only must Australia source its most advanced systems exclusively from the United States but it must also be unambiguously part of a global partnership centred upon the United States, the framework of which derives from the bilateral alliances forged during the Cold War. If realist calculations are presently influential in Canberra, then this outcome may have its attractions. However, realism also may prescribe the maintenance of the current regional strategic balance which might, in some interpretations, be prejudiced by the development of such new systems as National Missile Defence. In addition, Australia's policy-makers may be convinced that bans on devices such as chemical weapons, biological weapons, or landmines may enhance global security, but may

come under pressure to abandon their criticisms of them in the interests of alliance solidarity. These and other concerns were the context for the 2001 Australian-United States Ministerial talks, conducted in Canberra in late July 2001 (Pearson 2001).

Setting aside questions involving specific security decisions made by the United States, there is some room for the argument that close security cooperation with other US strategic partners in the Asia-Pacific region is not necessarily in the national interest. Both Japan and the Republic of Korea are important economic partners of long-standing, and (at least on paper) Australia is still a guarantor of Korean security by virtue of its participation in the Korean War. Greater cooperation with these partners would be consistent with many national objectives. But if the United States is to revive its security relationship with the Philippines, then, as part of a regional network of states, Australia may find itself embroiled as part of a coalition in a conflict over territorial claims in the South China Sea. Similarly, the informal alliance that binds the United States to Taiwan may draw Australia into a dispute between the major regional powers. Again, Taiwan is an important trading partner and is now a prominent example of a regional democracy, but direct conflict with China cannot enhance Australia's national security (Blackwill and Dibb 2000; McDonald 2001). Commentators in China were not slow to point this out, in response to the outcome of the July AusMin proceedings (Dwyer 2001). Australia's role in the post-September 11 'war against terrorism', though undertaken to serve security objectives, has increased further the potential risks associated with the prevailing alliance strategy.

Conclusions

Through the 1980s to the regional financial crisis of 1997, the idea that there was a natural complementarity between Asia and Australia—firstly understood in economic terms, but then with respect to immigration, security, and even diplomacy—became increasingly influential. Now this idea was never universally accepted, but it was often encountered and became something like the established view. This idea no longer represents majority opinion. In all of these areas there are far more uncertainties than was acknowledged at that time. As this chapter has argued, the reasons for this shift are many, but include the failure of regional institutions to make a real impact on economic and security problems, the election of a government somewhat sceptical of the multilateralist predilections of its predecessors, and domestic political dynamics.

In assessing these changes some critical comments are in order. It may be that this change of emphasis reflects the demise of those conditions from the 1980s that provided the foundations for regionalism. In short, regionalism may be a moment whose time has passed. Globalization—of finances, of information flows, of tastes and trends, of security—may have undermined the capacity of such organizations as ASEAN to have a real impact in the long run. Distance has always been Australia's biggest obstacle to progress. Australia, more than any other place,

needs to globalize. A specific regional attachment may no longer be appropriate or efficacious.

But the point remains that the regional financial crisis as much as the Hanson movement was a manifestation of globalization. In a genuinely global era, the relevance of a narrow conception of national interest may no longer be applicable. However much a triumph of Australian arms or values, the East Timor intervention would never have been possible without the attention of transnational interest groups, the weakening of the Indonesian government as the result of the activities of the global financial system, and the continued concern about the issue maintained by the United Nations. In pursuit of a hard-headed national interest, Australian policy has inevitably been conditioned and constrained as well as facilitated by the growing interdependence of nations. Therefore, a lack of attention to building institutions to deal with issues which, while they have a regional dimension are nevertheless truly global, including the environmental crisis, refugee flows and human rights abuses, may no longer accord with national interest, however this term is understood.

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4

Australia's strategic options in the US-China relationship

Allan Behm

As with most papers written by former public servants, this one begins with two disclaimers. First, the views expressed here are those of the author alone, and in no way intended to reflect the policies or the views of the Australian Department of Defence. Second, this is not an academic contribution. Rather, it is a practitioner's view. It details ideas that are the result of nearly two decades devoted to the implementation and practice of strategic policy. It does not pretend to comment on the theories of academic writers on the subject of US-China relations. Hence it does not cite authorities for the opinions offered, and reference to other commentators does not assume their endorsement.

The ideas advanced in this chapter are a distillation from personal participation in high-level discussions conducted in China, the United States and Australia. The author was a member of Prime Minister Malcolm Fraser's delegation that visited Beijing for discussions with Premier Zhao Ze-yang in 1982, and accompanied Defence Minister John Moore on his visit to China in 1999, when he met Premier Zhu Rong-ji. In the intervening years, the author participated in official talks between the Australian Department of Defence and the People's Liberation Army (PLA), and was a member of several 'one-and-a-half-track' delegations. The author was also the first senior Defence official to hold discussions with the PLA following the PLA's suppression of the Tienanmen Square demonstrations in 1989.

The author also participated in and led official talks and discussions with US counterparts over many years, and has discussed US-China relations with senior members of the Reagan, Bush and Clinton administrations, as well as leading US academics and commentators. The author also visited numerous US universities and research institutions, and participated in various seminars and discussions on strategic issues affecting the US-China relationship. But, in the end, impressions are no more than that: they are offered as a contribution to the broader understanding of the strategic complexities attaching to the China-US relationship.

And, finally, a word on strategy: in this chapter, the term is used in the specific sense of high policy surrounding the use of armed force. As Clausewitz (1984,

177) says, 'strategy is the use of engagement [i.e. armed force] for the purpose of the war'. In other words, 'strategy' deals with the grounds upon which the government of China or the United States might consider the deployment and employment of its military power against the other. This is not, of course, an insignificant matter. Consideration of the use of armed force, particularly against a major power, assumes that every diplomatic avenue has been tried, and exhausted. Hence, armed conflict is an unlikely outcome in the proper management of the bilateral political relationship between China and the US. What this chapter attempts is to examine a fundamental antinomy that might lie at the centre of a future major deterioration in the strategic relationship between these two great powers.

The basic dilemma

At the Australian American Leadership Dialogue held in Sydney in August 1999, Richard Armitage proffered some telling advice on the choices Australia would have to make should the United States and China resort to armed conflict over Taiwan. Armitage said that the United States would expect Australia to provide meaningful military support to the United States in order to carry out 'dirty, hard and dangerous' work. He noted that not only were Australia's interests directly engaged in the outcome of such a confrontation, but that its alliance with the US would indicate such support. Armitage was, at the time, an influential and well-placed member of the Republican team-in-waiting. Currently, Armitage is the Deputy Secretary for State in the Bush Administration. His ideas have currency.

Armitage may have been intending to be helpful to Australian policy makers. He was certainly right in identifying the dilemma facing them: how would Australia seek to balance the economic advantages deriving from its relationship with China with the strategic benefits it derives from its relationship with the United States? At the time, Canberra policy advisers ran for cover, concerned as much with avoiding admitting an unpleasant truth to China as with facing up to a US expectation deriving from alliance arrangements. A day or two later, Alan Jones, a presenter at radio station 2UE in Sydney, put the issue to Alexander Downer, the Minister for Foreign Affairs. Downer commented:

> No government is going to get into a position of speculating on a whole series of completely hypothetical scenarios...In foreign policy, much as it is fun to discuss these scenarios, you can't publicly canvass those sorts of things...We can only urge China and Taiwan to work together (Downer 1999).

This is, of course, a textbook Foreign Minister's reply. Why court the danger of making a choice between the United States and China when the problem can be reformulated as a China-Taiwan issue. And diplomacy is, rightly, about steering between hard issues in order to maximize the benefits of even-handedness.

But strategy must deal with the 'what ifs'. What if China and Taiwan cannot work together? What if Taiwan were to provoke a Chinese military retaliation for an excess of independence? What if China were to sanction a more assertive and strident Taiwan by pre-emptive military intervention? What if centrifugal tendencies within China itself were to lead Beijing to assert its authority once and for all over Taipei? What if China and the US were to confront each other over an altogether different issue? Could Australia reasonably remain neutral with respect to either the protagonists or the outcome? This chapter suggests that, while any Australian government would have a range of options, neither support for China nor neutrality would provide a realistic *strategic* response for Australia. An Australian government would, of course, seek to maximize benefits to Australia that might emerge from the resolution of a China-US confrontation. But, in the sorts of time frames that are credible for force planners (roughly the life span of major current and planned weapons systems), Australia's strategic interests align with those of the US.

Discontinuity

In *On War*, Clausewitz reminds us 'war is not a mere act of policy but a true political instrument, a continuation of political activity by other means' (Clausewitz 1984, 87). And, as with all political activities, it is intrinsically discontinuous. The elements that combine to create the strategic environment at any one time are not univocal, and they do not act in concert and harmony. Indeed, they are fundamentally disparate, so that the strategic environment is the expression of competition and contradiction between needs, interests and expectations, the resolution of which may invoke the use of armed force.

Because policy is the product of human decision-making it, too, is discontinuous. It changes over time, sometimes in an evolutionary way, often in a markedly disruptive and destructive way. For policy is the distillation of complex social and cultural factors that find their expression in goals and objectives that may be only partially articulated—if, indeed, they are articulated at all. The deep cultural drivers of policy are the result of the historical experiences of peoples and nations and, as such, are generally implicit in the development of approaches to policy over time. The deep cultural drivers of policy derive from the basic assumptions—rarely given any formal expression—on which societies base their ability to maintain some sort of equilibrium between competing interest groups. These assumptions define the fundamental decision-making paradigm on which societies, and particularly their leaders, base their pursuit of important outcomes and benefits.

It is impossible, of course, to identify a single expression of the decision-making paradigm on which national leaderships base their policies. It is a hydra-headed monster, the very stuff of political commentary. And if the discontinuities that underpin any national decision-making paradigm are incapable of any single expression, then the discontinuities that inform the strategic decision-making

paradigm are even more difficult to express. It is for that reason that Alexander Downer shied away from Alan Jones's question, and sheltered behind 'a whole series of completely hypothetical scenarios'. Any political decision-maker worth his or her salt would have done the same.

Now, if it is difficult to establish a clear articulation of the discontinuities intrinsic to any individual strategic decision-making paradigm, it is probably impossible to offer a comprehensive description of the forces that define the strategic environment at any given time—especially one as fraught as that existing between China and the United States. But it seems to this writer, at least, that the attempt to analyse the fundamental nature of the strategic discontinuity between the strategic paradigms of China and the US might go some way to clarifying the basic factors that would determine the options of third parties, such as Australia.

The Chinese strategic paradigm

China is meticulous in its signal giving. So it is probably no accident that the item usually offered in the official exchange of gifts that marks high-level meetings between China's Defence Minister, General Chi Haotian, and his counterparts is a splendidly engraved copy of Sun Tze's *The Art of War*. Notwithstanding the many essays on strategy and warfare written in China over the centuries, *The Art of War* stands as the authoritative expression of the Chinese philosophy of armed conflict. Written in the sixth century BC, it is a masterpiece of strategic analysis, distilling centuries of Chinese martial experience. It reflects as much on insurrections, clan wars, and invasions by external forces as it does on the place of armed power in the exercise of statecraft.

If one studies the excellent 1910 translation and notes prepared by Lionel Giles (rather out of date, but illuminating for its *critica*), one quickly notes the basic 'push–pull' nature of Sun Tze's analysis of warfare, whether the subject for consideration is the financing of war, its prosecution, the raising of troops, and so forth. In the first chapter 'Laying Plans', for instance, Sun Tze says, '[war] is a matter of life or death, a road either to safety or to ruin' (1910, 1.2). He goes on to say:

> All warfare is based on deception.
>
> Hence, when able to attack, we must seem unable; when using our forces, we must seem inactive; when we are near, we must make the enemy believe we are far away; when far away, we must make him believe we are near (1910, 1.18–19).

He concludes the chapter by noting:

> Thus do many calculations lead to victory, and few calculations to defeat: how much more no calculation at all! It is by attention to this point that I can foresee who is likely to win or lose (1910, 1.26).

The concept is that of the 'zero-sum game'.

As one proceeds through the 13 short chapters of *The Art of War*, one is constantly aware of the measured balance struck between positives and negatives: between victory and defeat, success and failure, winning and losing. This is not simply due to the aphoristic style of Sun Tze's writing. Rather, the dialectic is fundamental to Sun Tze's philosophy of war. But he does not suggest that total defeat and annihilation is the necessary result of armed conflict. In his analysis of 'Attack by Stratagem', he notes:

> In the practical art of war, the best thing of all is to take the enemy's country whole and intact; to shatter and destroy it is not so good. So, too, it is better to recapture an army entire than to destroy it, to capture a regiment, a detachment or a company entire than to destroy them.

> Hence to fight and conquer in all your battles is not supreme excellence; supreme excellence consists in breaking the enemy's resistance without fighting (1910, 3.1–2).

For Sun Tze, victory is not destruction, but rather the subjugation of the enemy.

Sun Tze's basic metaphors for war derive from nature: the coming and going of the seasons; water seeking its own level; the potential energy of rocks in high places, to be actualized in the rush of battle. It is the world of classical physics, where 'to every force there is an equal and opposite reaction force', as Newton said. He is also an advocate of the indirect strategy.

> Thus one who is skilful at keeping the enemy on the move maintains deceitful appearances, according to which the enemy will act. He sacrifices something, that the enemy may snatch at it (1910, 5.19).

In all of this, Sun Tze's basic construct is that the defence of the nation and the promotion of its interests are achievable only if a competitor's interests are correspondingly reduced. Again, it is a 'zero-sum game' construct.

Sun Tze revisited—Mao Tse-tung

Of course, much has happened in the two and a half thousand years since Sun Tze reflected on the nature of war to shape further China's basic strategic paradigm. Yet, in the main, China's historical experience of armed conflict has tended to confirm Sun Tze's thesis rather than to change it. Perhaps the most forceful strategist of the twentieth century, Mao Tse-tung, had this to say in 1936: '*War* is the highest form of struggle for resolving contradictions, when they have developed to a certain stage, between classes, nations, states, or political groups, and it has existed ever since the emergence of private property and of classes' (Mao 1936, 180).

Mao Tse-tung was, arguably, history's greatest proponent of armed struggle as an essential component of political revolution and social reform. Yet his basic conceptual model reflected the 'action-reaction' paradigm so characteristic of

Chinese strategic thinking. He could imagine a world without war. Yet war was itself essential for such a world to come to pass. In the same essay in 1936, he said:

> War, this monster of mutual slaughter among men, will be finally eliminated by the progress of human society, and in the not too distant future too. But there is only one way to eliminate it and that is to oppose war with war, to oppose counter-revolutionary war with revolutionary war, to oppose national counter-revolutionary war with national revolutionary war, and to oppose counter-revolutionary class war with revolutionary class war...When human society advances to the point where classes and states are eliminated, there will be no more wars, counter-revolutionary or revolutionary, unjust or just; that will be the era of perpetual peace for mankind. Our study of the laws of revolutionary war springs from the desire to eliminate all wars; herein lies the distinction between us Communists and all the exploiting classes (Mao 1936, 182–3).

If one considers the circumstances in which Mao Tse-tung theorized in this way (the continuing revolutionary war against the nationalist forces under Chiang-Kai-chek and the war with Japan), the conception is all the more astonishing.

The same dogged zero-sum dualism underpinned Mao's entire approach to China's place in the world balance. Speaking to the preparatory committee of the New Political Consultative Conference in June 1949, he said:

> Just because we have won victory, we must never relax our vigilance against the frenzied plots for revenge by the imperialists and their running dogs. Whoever relaxes vigilance will disarm himself politically and land himself in a passive position (Mao 1949, 407).

This same paradigm informed Mao's approach to the Korean War and, most importantly, offers a fundamental insight into his thinking on the antithetical nature of the strategic relationship between China and the United States.

In his speech to the fourth session of the First National Committee of the Chinese People's Political Consultative Conference in February 1953, he said:

> So long as US imperialism refuses to give up its arrogant and unreasonable demands and its scheme to extend aggression, the only course for the Chinese people is to remain determined to go on fighting side by side with the Korean people. Not that we are warlike. We are willing to stop the war at once and leave the remaining questions for later settlement. But US imperialism is not willing to do so. All right then, let the fighting go on. However many years US imperialism wants to fight, we are ready to fight up to the moment within it is willing to stop, right up to the moment of complete victory for the Chinese and Korean peoples'.

The same apocalyptic vision characterized his attitudes towards the US throughout his long reign as Chairman. In November 1964, he exhorted the world to defeat the United States.

> People of the world, unite and defeat the US aggressors and all their running
> dogs! People of the world, be courageous, dare to fight, defy difficulties and
> advance wave upon wave. The whole world will belong to the people.
> Monsters of all kinds shall be destroyed (Mao 1964, 14).

This chapter is not intended as an exegesis of Chinese strategic texts over the centuries. Rather, it is to suggest that there is a basic paradigm that underpins China's approach to strategy and to war. This zero-sum game approach—especially in the face of China's evident weakness as a strategic competitor of the US—may also explain what Harry Harding (1986) has described as China's policy of 'passive aggression'.

While no Chinese government will embark on a suicidal confrontation with the US, the zero-sum game basis of continuing Chinese strategic policy perpetuates the risks of misunderstanding and miscalculation. Moreover, it may lend a certain inevitability to serious confrontation between China and the US. As reported by the BBC on 6 January 2000, China's Defence Minister, General Chi Hao-tian is quoted as saying:

> Seen from the changes in the world situation and the United States'
> hegemonic strategy for creating monopolarity, war is inevitable. We cannot
> avoid it. The issue is that the Chinese armed forces must control the
> initiative in this war. We must make sure that we will win in this local high-
> tech war against aggression and interference; win this modern high-tech war
> that [the] military bloc, headed by US hegemonists, may launch to interfere
> in our affairs militarily; and win this war ignited by aggressor countries'
> sudden offensive against China. We must be prepared to fight for one year,
> two years, three years, or even longer (Chi 1999).

This is a sobering thought, even if it is driven by the dialectical inevitabilities of the Chinese strategic calculus. But the inevitability of which General Chi speaks may well be compounded by the strategic calculus of the US itself.

The US strategic paradigm

The United States has no strategic icon quite like Sun Tze. Consequently, there is no 'great tradition' on which US planners can rely. The strategic policies of the US have, over time, been influenced by a variety of thinkers, mostly European. It was George Washington's genius that saw the fledgling US military forces, during the War of Independence, pursue strategies with which Mao Tse-tung would have been familiar: the techniques of revolutionary political discourse supported by the tactics of a popularly supported insurgency. Thomas Jefferson, for his part, was more influenced by the ideas that created the French Revolution, and fascinated by the leverage that France provided the newly independent United States in its dealings with Great Britain. But while he was an able Secretary of State, Jefferson was no strategist.

While the northern and southern military academies paid some attention to Henri, baron de Jomini, it was not until the decades following the Civil War that

American military planners began to give more serious attention to the development of strategy. In many respects, strategy followed on the coat-tails of the growing international influence enjoyed by the United States as its economy boomed. The Civil War, of course, gave birth to a number of outstanding land warfare theorists, especially at the tactical and operational levels of war. Perhaps the only true strategist of this period was Alfred Thayer Mahan, whose essay 'The Influence of Sea Power upon History' marked the beginning of the more global approach to the deployment and employment of naval power for which the US has become such a forceful exponent. Indeed, Mahan was probably the founder of the identifiably American school of strategy.

During the later part of the nineteenth century, the US military academies discovered Clausewitz. While Clausewitz was widely read, there is not much evidence that the underlying principles of *On War* were widely understood, at least by US army commanders. The retreat into isolationism that marked the decades immediately following World War I was hardly consistent with a view of armed force as an instrument of state policy. But the experiences of World War II, and the emergence of the United States not only as the principal architect, but also the principal beneficiary, of victory served to lend real impetus to the development of a characteristically 'American' school of strategic thinking.

Writers and thinkers such as Herman Kahn, Edward Luttwak and Henry Kissinger have left an indelible mark on the history of US strategic thinking. More importantly, perhaps, they have left their mark on US public policy, and it is in the official documents of the successive US administrations that one finds the clearest expression of US defence strategies and the paradigm that underlies them.

Although Secretary of Defense Donald Rumsfeld has advised Congress that the forthcoming Quadrennial Defense Review will differ from that of the Clinton administration in important respects, there has in fact been a remarkable consistency in US strategic policy—and its formulation—through the Reagan, Bush and Clinton administrations. The 1997 *Quadrennial Defense Review*, for instance, begins its chapter on defence strategy with the following sentiments.

> Since the founding of the Republic, the United States has embraced several fundamental and enduring goals as a nation: to maintain the sovereignty, political freedom, and independence of the United States, with its values, institutions, and territory intact; to protect the lives and personal safety of Americans, both at home and abroad; and to provide for the well-being and prosperity of the nation and its people.
>
> Achieving these basic goals in an increasingly interdependent world requires fostering an international environment in which critical regions are stable, at peace, and free from domination by hostile powers; the global economy and free trade are growing; democratic norms and respect for human rights are widely accepted...The United States seeks to play a leadership role in the international community, working closely and cooperatively with nations

that share our values and goals, and influencing those that can affect US national well-being.

The *Quadrennial Defense Review* espouses a universalist and value-adding approach to strategy that echoes the modern US business approach to economic development: that economic growth can lead to benefits for all, rather than just for the dominant economic actors. It elaborates on several themes that were set out in President Clinton's February 1996 statement *A National Security Strategy of Security and Enlargement*, in which Clinton dealt with the political, economic and military elements that combine to establish an achievable national strategy. After noting the range of threats that continue to characterize the global security environment, President Clinton went on to say:

> We have unprecedented opportunities to make our nation safer and more prosperous...We now have a truly global economy linked by an instantaneous communications network...The community of democratic nations is growing, enhancing the prospects for political stability, peaceful conflict resolution and greater dignity and hope for the people of the world. The international community is beginning to act together to address pressing global environmental needs. Never has American leadership been more essential.

In a clear reflection of the 'net value-adding' concept of strategy, Clinton continued:

> Our extraordinary diplomatic leverage to reshape existing security and economic structures and create new ones ultimately relies upon American power...But military force remains an indispensable element of our nation's power...The United States recognizes that we have a special responsibility that goes along with being a great power and, at times, our global interests and ideals lead us to oppose those who would endanger the survival or well-being of their peaceful neighbours.

'Dubya' says

To this point, President George W. Bush has not perhaps been the most eloquent of US presidents in articulating the strategic objectives of his administration. Yet the statements of his key advisors, and his own speeches, display a remarkable consistency with the themes elaborated during the previous two decades or so. On 1 May 2001, for instance, President Bush, speaking on the issue of deterrence against nuclear proliferation at the National Defense University, Fort McNair, said:

> Today's world requires a new policy, a broad strategy of active nonproliferation, counterproliferation and defenses. We must work together with other like-minded nations to deny weapons of terror from those seeking to acquire them. We must work with allies and friends who wish to join with us to defend against the harm they can inflict... Deterrence can no longer be based solely on the threat of nuclear retaliation. Defenses can strengthen deterrence by reducing the incentive for proliferation.

The issue here, of course, is less the ideas of non-proliferation and counter-proliferation than partnership and the creation of incentives for achieving strategic outcomes.

It would, of course, be naïve to suggest that the defence posture of the US is based on anything other than fighting and winning. That is an inevitable part of strategy. But US strategy also comprehends the utility of armed force as part of the array of state-controlled forces that deliver strategic outcomes that secure security and prosperity in the broadest strategic environment. Does that mean that the US is dedicated to 'humanitarian intervention' and the 'defence of democracy' wherever and whenever human beings are under duress or democratic institutions are attacked by external forces? No. But it does mean that, when the US finds that its longer-term interests and those of its partners are at stake, it will dedicate its military resources to the delivery of outcomes that not only accrue to its own benefit, but to the benefit of other nations as well. This is the strategy of self-interested altruism that underpins the 'win-win' philosophy of modern commerce.

The clash of the titans

For a host of reasons—political, economic, social, cultural—the Chinese and US approaches to strategy not only fail to complement each other but they also set the foundations of basic misunderstanding and miscalculation. The underlying philosophies informing China's strategic calculus, on the one hand, and the strategic calculus of the US on the other are at cross purposes. China fundamentally pursues a 'zero-sum game' approach, where advance for one side is predicated upon retreat for the other, where victory for one side means defeat for the other, where a 'win' for one side means a 'loss' for the other. The United States has a quite different approach. Fundamental to US strategy is the idea that 'victory' does not necessarily require the destruction of an opponent, but rather the acceptance of an outcome that effectively removes the uncertainties that cause armed conflict in the first place. For the United States, the driving concept is 'net value-adding', where both sides are able to claim a 'win', albeit in somewhat different ways.

These two different concepts, 'zero-sum game' and 'net value-adding' serve to describe the fundamental forces that drive the tectonic plates of Chinese and US strategy.

Examples of strategic non-congruence

The last half of the twentieth century is replete with examples of the consequences of strategic non-congruence. The USS Pueblo incident is, perhaps, the most poignant instance, though the Cuban missile crisis provides an instructive example of major powers on a collision course. In recent times, however, the continued standoff between China and the US over the future of Taiwan and the EP-3E incident in April 2001 provide stark examples of the miscalculations that are

possible when the major protagonists are unable to engage on the same strategic premises.

Taiwan is, of course, the touchstone of China-US relations. Libraries have been written on the matter, and it is not the purpose of this chapter to revisit the issue. But it worthwhile noting that, because of their fundamentally different strategic paradigms, China and the United States have fundamentally different approaches to the issue—as does Taiwan. Put most simply, the issue boils down to this:

- China does not believe that the US would put itself at any serious strategic (and here one may assume nuclear) risk for Taiwan;

- the US wishes to maintain the maximum ambiguity concerning its strategic intentions should China seek to resolve the Taiwan issue militarily; and

- Taiwan, for its own purposes, choses to believe that the US would put itself at risk to protect Taiwan from forcible reintegration with China.

The result of this strategic trilemma is, of course, one of the most fascinating strategic problems presently confronting the planners of both China and the US.

Similarly, much has been written about the EP-3E incident that began on 1 April 2001, when a USN reconnaissance aircraft collided with a Chinese Air Force F-8 some 70 nautical miles off the coast of China. The issue here is not the circumstances of US electronic warfare surveillance, or the flying abilities of PLA(AF) fighter pilots. Nor is the issue really about the rights or wrongs of surveillance or interception. The issue is the astonishing mishandling of the incident by China.

Now, it is germane that Jiang Zemin was in South America, and that the available communications bandwidth between Beijing and the travelling President was so narrow. Distance and poor communications doubtless combined to ensure that the handling of the issue was as inept as it turned out to be. But the fundamental problem for China was its total misreading of both the circumstances that led to the incident and the likely attitude of the US. China wanted to exploit the event in much the same way as the former Soviet Union wanted to exploit the Gary Powers U-2 incident. But China was in a 'no-win' situation. The more incompetently it managed the disabled aircraft's position on the tarmac of a PLA(AF) airbase on Hainan and the inability of the USN crew to do very much at all about its own plight, the greater the relative disadvantage it put itself into with respect to the United States. Simply, it turned an event of its own causation (albeit mistakenly so) into a major setback for its own strategic position. And it did so because it saw its own 'win' as necessitating a US 'loss'.

Major and fundamental differences in the way in which China and the United States even perceive the world of strategy will continue to be intrinsic to miscalculation and confrontation.

Is armed conflict inevitable?

Notwithstanding the sentiments ascribed to China's Defence Minister, Chi Hao-tian, divergent strategic paradigms do not necessitate war. While war between China and the US may conceivably occur at some time in the future, Taiwan is probably unlikely to be the precipitating factor. But if the non-congruence in the basic strategic perceptions of China and the US does not lead inevitably to war, it does most certainly lead to a significant increase in the risk of misunderstanding, disagreement and miscalculation between the two sides which, in turn, could lead to armed confrontation. There are no certainties in peace, and even fewer in war. But self-interest, and a clear appreciation of the consequences of engagement, will continue to deter both China and the US from stumbling into armed conflict. As the EP-3E incident so eloquently demonstrated, even the stupidity of one side will not necessarily provoke the other into a military engagement.

But ambiguity and the inability truly to understand the basic strategic calculus of the other side combine to make the orderly conduct of a strategic relationship between China and the US almost impossible. In some respects, neither side wants to admit that the other might have a legitimate claim to a measure of strategic leadership. Both sides wish to see the other as strategically inferior. But the fact that, for China, strategic inferiority is absolute whereas, for the United States, it is relative, determines both the unsatisfactory nature of the strategic dialogue and the dangerous nature of the strategic outcome. Strategic convergence is impossible and effective engagement is only superficially achievable.

In judging whether the tectonic plates on which Chinese and US strategy move must inevitably collide, it may be worth taking a little comfort from Francis Fukuyama's optimistic analysis, *The End of History and the Last Man*. Fukuyama postulates the eventual triumph of democratic (capitalistic) liberalism over other forms of government, principally because those forms impose greater constraints on individual freedom. Commenting on the pressure that the growing tide of democratic practice puts on China, he says:

> China after Tienanmen Square is far from having achieved democracy, but since the beginning of the economic reform its foreign policy has become, so to speak, increasingly *bourgeois*. The current leadership of China seems to understand that it cannot turn the clock back on economic reform, and that China will have to remain open to the international economy. This has discouraged any return to a Maoist foreign policy, despite the attempt to revive aspects of Maoism domestically (Fukuyama 1992, 277).

Does this mean that the fundamental structures of China's historical strategy will adapt quickly to new forms of liberal democratic expression, and that it will join the characteristically 'peaceful' democracies? 'If democracies do not fight one another, then a steadily expanding post-historical world will be more peaceful and prosperous', Fukuyama (1992, 280) notes. But liberalism has triumphed only in the ideal world: it remains fragmentary in the 'material' world, the world of (lower-case) history with its humdrum day-to-day events. In the 'post-historical' world,

Fukuyama reminds us, 'the nation-state will continue to be the chief locus of political identification' (277). So, the wait for a democratic China could be a long one, and the Chinese state will remain the chief rallying point of the Chinese people. Miscalculation and misadventure, therefore, will continue to dog the strategic relationship between the world's most populous nation and the world's richest one.

What are Australia's options?

As with all minor players on the international stage, Australia does have options. It could choose not to be on stage at all, to vacate any position of responsibility for one of irrelevance. It could choose to be a neutral bystander, with no input into the resolution of the problem and even less effect on the outcome. It could choose to follow its short-term economic interests, maintain its economic links with China, and maintain the greatest possible measure of separation from the US. It could choose to support the United States totally and unthinkingly, without any consideration being given to its long-term interests in North Asia. Or it could choose to consider the fundamental dynamics of the strategic relationship between China and the United States, appreciate the fundamental convergences between its own strategic paradigm and values structures and those of the US, and seek to participate in a strategic result that confers benefits to all parties.

For its part, China would most certainly call on Australia to distance itself from the United States, if only to maintain a reasonable chance of prosecuting a mutually beneficial economic relationship over the longer term. China would seek to have Australia play a 'balancing role', whereby Australia created a measure of strategic separation from the US in order to maximize its stake in subsequent Chinese reconstruction.

For its part, the United States would want to see Australia fully committed to an allied cause. It would expect that the strategic intelligence relationship would proceed unimpeded, and would also expect that Australia would make key strategic assets available to the United States in the prosecution of its interests. In all likelihood, the US would expect support that was significant, though not necessarily substantial. And it would most certainly expect Australia to be aligned with both its strategic goals and the preferred means of realizing those goals.

And what of Australia? For its part, Australia would probably seek to steer a middle course diplomatically, while admitting the inevitability of its alliance obligations. But to resolve this tension by remaining neutral with respect to both the protagonists and the outcome would represent the most dangerous course. For it would be an abnegation of choice. Moreover, it would mistake the techniques of diplomacy for the outcomes of strategy.

And herein lies Australia's dilemma: the outcomes of diplomacy would probably not secure the strategic advantages Australia most wanted. But the very fact that Australia would need to confront the difference between a 'rock' and a 'hard place' would, of itself, generate a new maturity in Australia's approach to

managing its own strategic future in Asia. For, fundamentally, strategy deals with the ultimate things—survival, and the role of armed force in securing that. While its value structures remain fully aligned with those of its liberal democratic friends and allies, Australia will need to join with them in the defence of those values—as it did during the two world wars of the twentieth century.

Australia cannot afford to be indifferent to the fundamental strategic divergence between China and the United States. While an active and constructive diplomacy will continue to engage with China, and continue to work towards minimizing the consequences of strategic differences between China and the United States, Australia will necessarily maintain the strategic relationship it enjoys with the United States—if only because, in a fundamental sense, its strategic interests are convergent with US interests. And its strategic interests are not convergent with those of China. Australia's strategic option is clear.

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5

China and Asia-Pacific security building in the new century

Zhu Majie

Since the end of the Cold War, great attention has been focused on building up a new Asia-Pacific security mechanism. Many countries in the region have been taking an active part in this process. Security dialogues have been carried on in varied forms at different levels. The main purpose of such kinds of activities is to seek to shape a new multilateral security framework for the Asia-Pacific region, in which all the countries in the region will be equally involved in dealing with issues of common interest. Challenges and opportunities co-exist for the Asia-Pacific security building. So long as the nations concerned continue their constructive efforts, the Asia-Pacific region will become more secure in the new century.

Challenges for Asia-Pacific security

Ushering in the new century, the Asia-Pacific countries are facing a host of security challenges. Besides transnational crimes, drug trafficking, environmental damage and the proliferation of weapons of mass destruction, there are some potential disputes and conflicts, such as the confrontation between North Korea and South Korea, tension across the Taiwan Strait, territorial disputes over the islands in the South China Sea, as well as disputes over the northern islands between Japan and Russia. All these potential crises may pose threats to the stability and security of the region. It is also worrisome that some countries have been enhancing their military capabilities, sharply increasing their defence expenditure.

Among the potential crises, there are three major issues: the Korean issue, the Taiwan issue, and the Nansha Islands disputes. The Korean issue is closely related to significant security interests of the two Koreas, as well as of the concerned major powers of the Asia-Pacific region. The Taiwan issue is part of China's internal affairs. But US interference has made it ever more difficult, giving its political support to the separatist forces in the island, constantly supplying arms to

Taiwan, sometimes even flaunting its military forces in the Taiwan Strait. Following the United States, Japan is also involving itself in the Taiwan issue. So any conflict resulting from the issue would greatly impact on the relations among China, the United States and Japan, as well as on the stability and security of the Asia-Pacific region. The Nansha Islands issue involves the territorial sovereignty and marine rights of China, Vietnam, Malaysia and the Philippines. This is a historical issue which has significant political, economic and strategic consequences for the countries concerned. At present it is very difficult to find a resolution satisfying the requirements of the concerned parties. Besides, the involvement of some other big powers has made the issue increasingly complicated. Therefore, any improper handling of the issue could cause crises that would have great impact on the stability and security in the Asia-Pacific region.

The armaments build-up of some Asia-Pacific countries has caused great concern in the region. In spite of its economic deterioration, Japan's defence expenditure has been increasing since 1991. Its defence budget in 2000 was several times the total sum of that of all the ASEAN countries. In the fiscal year of 2000, US defence expenditure reached US$288.8 billion, which was about twice the total sum of that of China, Japan, France, Britain and Russia. Moreover, the United States has no intention of reducing its military deployment in the Asia-Pacific region. On the contrary, it has continuously improved the quality of its armaments. People have noted that while the Asia-Pacific region continued to be burdened with the residual manifestations of the Cold War, there were new tensions that had implications for regional security. These included:

- the signing of the Visiting Forces Agreement between the United States and the Philippines;

- the signing of the New Guidelines for the US-Japan alliance that gives Japan a bigger role in regional security and increases its cooperation with the United States;

- the proposed Taiwan Security Enhancement Act and the US administration's decision to sell a huge amount of advantageous weapons coupled with the United States' desire to introduce the Theatre Missile Defence (TMD) system to Taiwan;

- the new changes of US policy towards North Korea that enmeshes the Korean peninsula in a new plight;

- the potential attack of speculative capital which still poses a threat to the economic security of the countries in the region under the mega-trend of economic globalization and free capital flow.

Three patterns of security building

To address these challenges, nations in the Asia-Pacific region are in great need of enhancing mutual understanding and trust and of seeking consensus on a series of problems. There are three major ways of security cooperation in the region.

First, bilateral military alliances. Such security arrangements stress security building by military means in order to deal with their real or potential enemies. In the post-Cold War era, the United States has been making efforts to strengthen military coalitions with its allies, such as Japan, South Korea, Australia, Thailand and the Philippines. The United States claims that its treaty alliances with these countries, and its commitment to keeping approximately 100,000 US military personnel in the region, serve as the foundation for America's continuing security role. In 1996, the United States and Japan reaffirmed that their bilateral security relationship 'remains the cornerstone for achieving common security objectives and for maintaining a stable and prosperous environment for the Asia-Pacific region.' In recent years, the US has been actively carrying on the programs of TMD and National Missile Defence (NMD), and trying to introduce TMD into the region. Some of its allies have shown their support for the programs: they consider such bilateral military alliances the basic security measure for the United States and its allies in addressing security challenges.

Second, cooperation on the basis of mutual trust and confidence. In recent years, China, Russia and three Central Asian countries (Kazakhstan, Kyrghystan and Tadzhikistan) have been making great efforts to improve their relations. Several agreements were signed on confidence building and mutual reduction of military forces in the border areas. In June, 2001, the Shanghai Co-operation Organization (SCO) was set up on the basis of the 'Shanghai Five' (China, Russia, Kazakhstan, Kyrghystan, Tadzhikistan) with Uzbekistan as its new member. The SCO is a new regional body to promote peace, stability and economic ties. Each member nation should regard 'maintaining regional security' as the top aim of the group, carry forward 'the spirit of unity' to solve problems through friendly consultation, adhere to the principle of 'being open', meaning it is not aligned and does not target any particular country, adhere to the principle of the UN Charter, and push for a democratic and fair political and economic order in the world. Establishing this co-operation mechanism has historical significance, which shows 'the Shanghai Spirit', advocating mutual trust and benefit, equality, consultation and respect for different civilizations and the pursuit of common development. The SCO will doubtless contribute to maintaining regional security and stability, as well as world peace and development.

Third, regional security dialogues. The Association of South East Asian Nations (ASEAN) has played an important role in promoting security dialogues not only among the member nations in the organization but also among all nations in the Asia-Pacific region. In recent years, ASEAN has expanded its role in initiating the ASEAN Regional Forum (ARF) on the full range of common security challenges. The major powers including the United States, China, Japan, Russia and the European Union were invited to attend the ASEAN Regional Forum. The security dialogues under ARF have offered opportunities for the concerned parties to discuss different security concepts, models and mechanisms, seeking for substantial cooperation, and for configuring a multilateral security framework, in

which all the Asia-Pacific nations will be involved on an equal footing. The goal of the participants in the forum is to reach consensus on building up confidence mechanisms, pursuing preventive diplomacy and strengthening strategic meetings on dispelling conflicts. The facts have shown that such dialogues as those under the ARF are of great benefit to enhancing regional security.

The three models already mentioned fall into two categories. The first type gives priority to military means in bilateral and regional security. This is the continuation of the old security configuration of the Cold War era, while the second type lays stress on multilateral security by non-military means, which is more dynamic and promising in the new century.

Seeking consensus on security concepts

To build up a new security mechanism in the Asia-Pacific region, it is necessary to seek consensus on five aspects.

First, mutual trust is the most important prerequisite for regional security building and arrangements. At present, the level of mutual trust between respective bilateral nations in the region is obviously limited by the different strategic objectives of each nation. Any enforcement and expansion of military alliance will cause suspicion among nations in the region. Considering the historic factors, such types of military alliances may co-exist with some other new security mechanisms so long as the alliance does not pose a threat to other countries. Due to the low level of mutual trust, it is difficult for the nations concerned in the region to forge a sound foundation for substantial security cooperation. Therefore, it is absolutely necessary for all nations to enhance mutual trust despite their different social systems and cultures.

Second, new concepts of security should be applied. In terms of exploring the possibility of building up a new mechanism for the Asia-Pacific region, attention should be given to concepts of security. In the post-Cold War era, some new security concepts have emerged, such as common security, comprehensive security and multilateral security. With increasing economic interdependence, the common security of the countries in the region meets the need of common interests. No country can or should maintain its own security interests at the expense of other countries' interests. In order to realize common interests, security cooperation must develop among the countries in dealing with various common issues, such as environmental protection, drug trafficking and the proliferation of weapons of mass destruction. The concept of comprehensive security takes full consideration of the overall balance of politics, economy, society, culture and military in handling security problems. It also takes into account the ecological environment. As for the concept of multilateral security, it is not a new one. The Conference on Security and Cooperation in Europe was one of the products of such a concept during the Cold War, but in the post-Cold War era, the concept of multilateral security is quite different in nature from that of the past. It suggests building up a multilateral security regime on the basis of economic cooperation, inviting all the

concerned parties to participate in the system without exclusiveness, aiming at common development and prosperity. In addition, it advocates equal participation of the concerned parties so as to restrict the desire of any country for dominance or leadership.

Third, new security norms should be formulated for all the concerned nations in the region to observe. This is a very important point. Many people maintain that the norms for security relations should be a new type of mutual benefit, mutual respect, and equal consultation in the process of regional security cooperation. In order to set up security norms which can be accepted and observed by all nations in the region, it is obvious that only by seeking common ground on major issues while reserving differences on minor ones can a new set of norms be formulated.

Fourth, there is the question of who will be the leading actor on the stage of security cooperation. The United States holds that 'America has an unparalleled record of international leadership' and 'the need for American leadership remains as strong as ever'. Although the United States has the ambition to play its role of leadership in the regional security arrangement, the other nations also try to play their own role in maintaining stability and in the regional security arrangement, no matter how effectively each nation can function in this regime.

Fifth, pragmatic actions should be further taken to create better conditions for shaping the security mechanism in the Asia-Pacific. Since the Korean issue is very important for establishing a security system in the region, all the nations concerned should continue their support for the peace process on the inter-Korean peninsula. Meanwhile, it will be a good beginning to take the 'four-party talks' as a basis for a subregional security mechanism. The intention of the 'four-party talks' is to build a permanent peace mechanism on the peninsula. During the third round of talks in 1998, the four sides agreed to establish two working groups to deal with 'tension-reduction' and a 'peace mechanism'. As a first step, the participants should conclude a peace agreement to replace the truce regime set up at the end of the Korean War. On this basis, all the concerned parties should take further measures to reduce the deployment of troops and weaponry along the demilitarized zone. These actions will help reduce tensions on the peninsula and pave the way for building up a new peace mechanism. In the long term, the new security regime in Northeast Asia should not exclude Russia and Japan if such a regime is to effectively play its role in maintaining a stable and peaceful environment in the region. In the future, when there are conditions for establishing a certain kind of security organization, for instance, an 'Asia-Pacific Security Conference', the countries in the region will enjoy a much more peaceful and stable environment for their economic and social development.

To sum up, Asia-Pacific countries should work together to set up a new security concept with mutual trust, mutual benefit, equality and collaboration at its core and strive to create a peaceful international environment of long-term stability and security.

China as a factor in Asia-Pacific security building

The rise of China is a stabilizer not only for the Asia-Pacific region but also for the whole world. The remarkable economic progress achieved by China in the last two decades is an important contribution to the stability of the region. In the process of its modernization, China is actively integrating itself into the world community. Its security strategy in the region mainly focuses on the following objectives:

- To safeguard national unity and territorial integrity;

- To maintain a stable and peaceful international environment in its periphery; and

- To establish good relations with its neighbouring countries.

In light of these strategic objectives, China has been doing its best to guarantee the national security, to maintain the regional stability and security, and to promote the building-up of Asia-Pacific security mechanisms. China has dealt with its territorial disputes with the concerned countries as well as security building in the region in a positive way. In order to maintain a stable and peaceful environment, China has made the proposal of setting apart the disputes and has been engaged in bilateral negotiations with parties concerned, with a view to jointly benefiting from the area. China also stands for mutual reconciliation through friendly consultation. Before reaching resolutions to the problems, the status quo of the disputed areas should be maintained so as to create a peaceful and stable environment for nations concerned.

With the changes taking place in the world, China has readjusted its policy towards security arrangements, taking an active part in various regional and global security activities to sustain a more secure environment.

First, China gives priority to improving bilateral relations with the United States. At the same time, great attention has been paid to advancing Sino-Japan relations. China has been trying its best to resolve the problems in Sino-US relations as well as in Sino-Japan relations through dialogues and consultations. As we know, any severe conflict between any two powers will pose a great threat to the stability and security of the region. The United States, Japan and China are all major nations, and have an obligation to maintain regional security. It has been suggested that a trilateral security arrangement between the United States, China and Japan will be more conducive to the Asia-Pacific region. This idea is worth considering and feasible if the three nations could begin with regular ministerial meetings. Before making a trilateral security arrangement, a constructive strategic partnership between China and the US or between China and Japan will create better conditions for the improvement of trilateral relations. Such a relationship will be a big step towards the configuration of peace and security in Asia-Pacific.

Second, China shares the efforts in building up a subregional security mechanism in Northeast Asia. In order to reduce tension on the Korean peninsula, China has been trying its best to help create conditions for a peaceful resolution of the Korean issue by developing contacts with the United States, South Korea and

North Korea. China has also made efforts in promoting productive dialogues as well as in the process of 'four-party peace talks' among the United States, China and the two Koreas. In so doing, China hopes to help shape a sub-regional security mechanism through consultations, so that the peaceful reunification of Korea can eventually be realized, which will have a far-reaching positive impact on security building in Northeast Asia as well as in the whole Asia-Pacific region.

Finally, with regard to shaping a regional security mechanism, China's involvement has become more and more active even if it is known very well that this is not an easy undertaking. In order to increase mutual understanding and trust, regional dialogues initiated by ASEAN have taken place in recent years. China has been taking an active part in the ARF, which helps dispel suspicions and seeks for more common ground for security cooperation. In term of configuring some binding security regime, China hopes that some kind of security mechanism will be established in order to ensure regional political stability and economic development. There are five principles for such a mechanism:

- The mechanism must be based on the Five Peaceful Co-existence Principles, and no country should seek regional hegemony;

- Disputes between countries must be solved peacefully, and if an immediate solution is not available, relevant disputes could be shelved and normal exchanges between countries should be maintained;

- Armament must be maintained at the level that is necessary for a country's proper defence;

- All the nuclear powers must take the obligation of not using nuclear weapons first and not using or threatening to use nuclear weapons against non-nuclear countries; and

- Cooperation in economic, trading, scientific and technological fields must be enhanced, and the developed countries should help the developing countries.

In handling its domestic affairs, China gives first priority to its stability in order to continue the momentum of its economic and social development. It also takes full consideration of regional stability and peace while upholding the principle of national unity and territorial integrity. Take the Taiwan issue as an example. It is well known that Taiwan is an inseparable part of China, and of course, the Taiwan issue is one of China's internal affairs. This issue has become very complicated and difficult. That is because, on the one hand, there is foreign intervention, and on the other hand, there is the increasing trend towards Taiwan's independence by the separatists under the US security umbrella. Since 1979, the United States has tried to use the Taiwan Relations Act (TRA) to justify its security relations with Taiwan. In recent years, the United States has also enlarged its arms sales to Taiwan. It even agreed to provide Taiwan with AIM-120 advanced medium-range air to air missiles in April 2000. Besides, the United States has decided to sell some other types of advanced weapons to Taiwan, such as long range radar system, air to

ground missiles coupled with the desire to introduce TMD. In March 1999, Senator Jesse Helms introduced the 'Taiwan Security Enhancement Act' (TSEA) to the Committee on Foreign Relations of US Senate. If the proposed TSEA comes into law, the relations between the United States and Taiwan will become a de facto military alliance, which will seriously violate the basic principle of international law and arbitrarily infringe on China's sovereignty. Therefore, China has strongly opposed US attempts to make the proposed TSEA come into effect. Considering the special circumstances of the Taiwan issue and the fundamental interests of the whole nation, China has insisted on its resolution of reunification by peaceful means. Its final objective is to reunify Taiwan with the mainland in the formula of 'one country, two systems'. In order to realize the goal of reunification, the Chinese government is ready to show greater flexibility in its efforts to settle the Taiwan issue. According to the explanation of Wang Daohan, Chairman of Association for Relations Across the Taiwan Strait (ARATS), the one China principle means: 'There is only one China in the world. Taiwan is part of China, which is not yet unified at the moment. The two sides should make joint efforts under the one China principle, to hold consultations on an equal footing and discuss national reunification together. A nation's sovereignty and territorial integrity are inseparable. Taiwan's political position should be discussed under the precondition of the one China principle'. Under such circumstances, any instigation and encouragement to Taiwanese separatists' ambitions by foreign forces will eventually worsen the situation of the Taiwan Strait, which would also destabilize the Asia-Pacific region. So long as the foreign powers stop their interference in China's internal affairs on the Taiwan issue, the peaceful reunification of the country will definitely become much easier. There is no doubt that the peaceful resolution of the Taiwan issue will contribute to maintaining the stability and peace of the whole region.

What China has done fully shows that China plays an important and positive role in the regional stability and security building. In the new century, 'China is committed to regional and world peace' and 'wants to be trustworthy friends of the world people forever'.

Conclusion

There are plenty of opportunities as well as challenges for shaping a new security mechanism in the Asia-Pacific region. To address the challenges, the nations in the region should work together for a more secure environment, enhancing mutual trust and understanding and seeking consensus on the concepts, norms and rules of security mechanisms. There are different forms of security cooperation. Comparatively speaking, non-military security cooperation is preferable in the post-Cold War era. In future, conditions should be created to establish some security mechanisms for the whole region. The concerned parties should first make further efforts to establish a peace mechanism on the Korean peninsula, then try to set up a security regime for East Asia or Asia, and finally, strive to formulate a

security mechanism for the entire Asia-Pacific region on the basis of equal participation.

The rise of China is a stabilizer for the security of the Asia-Pacific region and the world at large. China has become increasingly involved in international security affairs. China wants to safeguard its national security, to maintain regional stability and peace, and to promote the building-up of Asia-Pacific security mechanisms. In light of these objectives, China stands for mutual reconciliation through friendly consultation of territorial sovereignty and marine rights. In handling its internal affairs, China also takes full consideration of regional stability and security while upholding the principle of national unity and territorial integrity. What China has done fully shows that China is a trustworthy country in maintaining stability and security in the region as well as in the world.

6

China's efforts as a responsible power

Xia Liping

The Chinese economy has been steadily developing in recent years. If China can maintain the trend of its economic development, by the middle of the 21st century China will be among the great powers of the world. Whether China can become a responsible great power or not will depend on both internal and external factors. Those factors can also be sorted into subjective ones and objective ones, among which security mechanisms will play important role.

Criteria of a responsible power

There are different explanations about the meaning of responsible power. In my opinion, a responsible power should:

- Play its role in international society not only according to its national interests, but also in order to benefit regional and world peace, development, stability and prosperity;
- Take its international obligations seriously; and
- Participate in the formulation of international rules.

There has been some dispute in China about what kind of responsible power China should become. Some Chinese scholars hold that China should participate not only in existing international economic mechanisms, but also in existing international political mechanisms led by the United States, because it will be beneficial for China to seek a peaceful environment and in this way, be able to gradually change the existing unreasonable rules of mechanisms in the light of the interests of all countries. Proponents of this theory support the improvement of China-US relations. However, other Chinese scholars have argued that the United States would prevent China from rising, and hinder China from playing an important role in international mechanisms, and even intends to weaken China. Such disputes have some impact on China's foreign policy.

Internal factors affecting China's international role

China's national development strategy

Since the early 1980s, China has been focusing its efforts on internal economic development in order to improve the living standards and educational levels of its people. China will continue to move forward in this way for a long time. The long-term purpose of China's national development strategy is to make China become a mid-level developed country, which will be strong, democratic and civilized, by 2050.[1] To achieve the objective, China will continue to pursue a policy of reform and opening up, and needs a long-term peaceful international environment, especially stable surroundings. This means that China does not want to do anything which may seriously disturb the current international economic and political mechanisms except when its critical national interests are threatened. Even if China can achieve its objectives, it will continue to focus its attention on internal issues because of domestic population and economic issues. At the same time, the more prosperous China is, the more co-operative it will be with other countries, because under the circumstances, China will be influenced more easily from the outside world.

The objective of China's foreign policy

China has been pursuing its independent foreign policy of peace since the mid 1980s. The objective of this policy is to strive for a peaceful international environment which will be beneficial to China's long-term economic and social development. Thus there are two outstanding characteristics in China's current foreign policy: peace and independence. Peace indicates that China formulates its foreign policy from the viewpoint of whether it is beneficial to international and regional peace and stability, instead of the viewpoint of gaining military superiority. Independence indicates that China formulates its foreign policy according to its national interests and the common interests of peoples of all the countries in the world. To continue to develop its friendly cooperation based on the Five Principles of Peaceful Coexistence with all the countries in the world, including the United States, is the core of China's independent foreign policy.

China's defence policy and military strategy

China's defence policy is purely defensive in nature. The small nuclear arsenal of China is only for the purpose of self-defence. China has unilaterally committed itself to responsibilities not yet taken by other nuclear-weapon states, including the declaration of a no-first-use policy, the commitment not to use nuclear weapons against non-nuclear states and in nuclear weapon-free zones. China has not retained any military presence beyond its own territory. China's military strategy is 'Active Defence', which means that Chinese armed forces assume a self-defensive posture and will not provoke; but if war is ever imposed on China, its military forces will certainly retaliate. China reduced its armed forces personnel by half a million from 1996 to 2000 following the reduction of one million military men during the 1980s. China's military expenditure has been kept at a very low level

for more than a decade. In the past few years, China's military expenditure has been about 1.1–1.2 per cent of China's GDP. Furthermore, China has declared that it will never become a superpower. So China will never pose any military threat to other countries.

Chinese traditional culture and history

China is a country with 5,000 years of civilization and a peace-loving tradition. Ancient Chinese thinkers advocated 'associating with benevolent gentlemen and befriending good neighbors,' which shows that throughout history the Chinese people have longed for peace in the world and for relations of friendship with the people of other countries. Since ancient times, Chinese people have emphasized defence rather than offence. When the Chinese created the earliest written script, our ancestors used two pictographs to form the character 'force' (*wu*). One pictograph was 'stop' (*zhi*), the other was 'spear' (*ge*). The underlying logic was that wars should be abandoned as an instrument and the use of force could be justified to stop violence. Especially since the beginning of the Ming Dynasty, China has focused on maintaining its existing territory rather than expanding. In the early 15th century, even earlier than the period of 'geographic discovery' in the west, a great Chinese explorer and sailor named Zhen He led the largest fleet in the world on seven voyages westward. These voyages, reaching as far as the eastern African coast and the entrance to the Red Sea, took Zhen He to more than 30 countries and regions. Unlike later western explorers who conquered the lands they discovered, this fleet did not subdue the newly discovered lands by force. This was not a voyage to plunder the local populace for treasure, nor was it one to establish overseas colonies. As decreed by the Chinese Emperor, Zhen He's task was to convey friendship and goodwill and to promote economic and cultural exchanges between China and other Asian as well as African nations.

The changes of China's security concepts

Since the end of the Cold War, China has changed its security concepts greatly according to the new international situation and the interests of the Chinese people as well as the need of the people in the world to seek peace and development. China thinks that to obtain lasting peace, it is imperative to abandon the Cold War mentality, cultivate a new concept of security and seek a new way to safeguard peace.[2]

There has been a change from an emphasis on military security to comprehensive security. During the Cold War, faced with the military threat of one or two superpowers, China had to focus its attention on military security. After the end of the Cold War, China thinks that, although geopolitical, military security and ideological factors still play a role that cannot be ignored, the role of economic factors is becoming more prominent.[3] So China is now stressing coordination with all countries to deal with challenges together.

The concept of 'security is mutual'. During the Cold War, the concept of the 'zero-sum game' had played the most important role in international politics. Now,

China has accepted the concept that 'security is mutual'. So China opposes any country building its own absolute security upon the insecurity of others and will not do so itself in the future.

The concept of cooperation. Since the end of the Cold War, China has stressed dialogue and cooperation, and sought the settlement of divergences and disputes among nations through peaceful means. At the same time, China has gradually accepted the concept of multilateral security dialogues and cooperation. It has actively participated in regional and sub-regional security dialogues and cooperation, and has played an important role in them, including the ASEAN Regional Forum (ARF) and the Four Party Talks on the Korean Peninsula. China has also attended many 'Track Two' or 'Track One and Half' regional or sub-regional security dialogues, including the Cooperative and Security Council in the Asia-Pacific (CSCAP) and the Northeast Asian Cooperation and Dialogue (NEACD).

The concept of Confidence-Building Measures (CBMs). During recent years, China has been in the lead in the establishment of confidence-building measures in the Asia-Pacific region. China has signed agreements on both border confidence-building measures and border arms reduction with Russia and some Central Asian countries. It also signed agreements on a 'hot line' with both the United States and Japan. China and the United States have signed the Agreement on Establishing a Consultation Mechanism to Strengthen Military Maritime Safety and have decided not to target each other with their respective strategic nuclear weapons. China also signed agreements on CBMs in the military field along the Line of Actual Control in its border areas with India.

The concept of transparency. In traditional Chinese military thinking, there was nothing about transparency. However, since the end of the Cold War, China has gradually accepted the concept of transparency. When China feels more confident about its relationship with other countries and about its international security environment, it can adopt a more active and positive attitude towards arms control and transparency issues. In fact, it has made some progress in improving its military transparency. China has published white papers on both arms control and defence. Chinese and US naval warships have exchanged port calls. And US Defense Secretary William Cohen visited the command and control centre of the PLA Air Force in January 1998. Some US military officers have also visited a Chinese nuclear submarine. Chinese and American troops even conducted the first joint exercise on rescue in late 2000.

The development of democracy and rule by law

Since the early 1980s, with the development of economic reform and opening to the outside world, China has also made big progress in civil liberties, democracy and rule by law. To establish democracy and rule by law in China has been an important part of China's Constitution.[4] In most villages in China, farmers have had the rights to elect leaders of villages. In coastal areas, tests have been

conducted in some selected towns where people have the rights to elect the leaders of towns. At the same time, the National People's Congress and local people's congresses at different levels in China have gone far beyond being rubber-stamps and have been playing important roles in making laws and supervising officials. Although China still has much to do in improving democracy and rule by law, it will continue to move in that direction step by step. As the result, China will become a country of democracy and rule by law with Chinese characteristics.

China's integration into international mechanisms

During recent years, China has been making big progress in integrating itself into international economic and political mechanisms. Since the mid 1980s, China has been integrating its economy into the world economy. Its foreign trade is about 41 per cent of its annual GDP. China has actively participated in APEC proceedings and reduced the rate of its average tariffs to 15 per cent according to its commitments.[5] And China made great efforts—now successful—to enter the World Trade Organization (WTO). At the same time, China has made progress integrating itself into international arms control and nonproliferation mechanisms. It has participated in a series of nonproliferation regimes, including the Treaty on Nonproliferation of Nuclear Weapons (NPT), the Chemical Weapons Convention (CWC), Biological Weapons Convention (BWC), has signed the Comprehensive Test Ban Treaty (CTBT), and is committed to observing the guidelines and parameters of the Missile Technology Control Regime (MTCR). In accord with these international commitments, the Chinese government has been taking a series of measures to control the exports of its nuclear, chemical, and biological technology and materials as well as missiles. At the same time, China has had cooperation on the nonproliferation of weapons of mass destruction with other countries. Furthermore, since it first possessed nuclear weapons, China has committed itself to realizing the final objective of a comprehensive ban and thorough destruction of all nuclear weapons in the world. That has formed the basis for China to participate in the international nuclear disarmament process in the future. The more closely China has integrated itself into international economic and political mechanisms, the more willingly it would like to play a responsible role in the international community.

External factors affecting China's international role

The development of economic interdependence among states

During recent years, economic globalization has become a strong trend. As one of the results, economic interdependence among states, especially among major powers, has progressed. Under the circumstances, more and more countries are willing to resolve their disputes through peaceful means. China has actively supported this positive trend and is making efforts to maintain peace and establish friendship with its neighbours.

The trends of peace and development

Since the 1980s, especially after the end of the Cold War, peace and development have become the major subjects of the world situation. China has regarded the two trends as the basis of its foreign policy. That means that China will pursue its foreign policy according to the two trends and will do its best to push them forward.

The positive attitudes of other countries

A growing number of countries have recognized that a policy of containment towards China will not get support from other countries, and a poor and unstable China will not be in the interests of the global order, especially in Asian countries. They think that a policy of integrating China into the international community will be beneficial for all other countries.

The development of different kinds of partnerships between China and other countries

In recent years, China has made big progress in establishing partnerships with other countries. It has established a constructive strategic partnership of coordination with Russia; a comprehensive partnership with France and Britain; and a friendly cooperative partnership working for peace and development with Japan. At the same time, China has also established partnerships with many third world countries, including neighbouring countries.

Conditions necessary to make China a responsible great power

China's confidence in the international security environment and international mechanisms

If China thinks that the international security environment is stable and it is not facing serious military threats, it will pursue its policy of reform (including political reform), and opening-up, and its independent foreign policy of peace. As a result, China will integrate itself deeply into the international community and world mechanisms, in which it is beneficial to China's national interests for China to play a role as a responsible great power.

Other countries should help China to participate in international mechanisms

It will be beneficial to the interests of other countries, especially other major powers and China's neighbouring countries, to take positive and active steps to help China to integrate itself into the world economy and international political and security mechanisms. For example, China's entry into the World Trade Organization (WTO) is conducive to the expanding trade relations of other countries with China. Other major powers should welcome and accept China joining the G-8 in the near future. That will greatly reduce the suspicion within

China about the intentions of western countries and establish a good channel between China and other major powers to consult with each other to increase mutual understanding and cooperation.

The strategic balance in the Asia-Pacific region should be established and maintained

China is located in the Asia-Pacific region, and attaches great importance to peace and stability in the region. In the post-Cold War era, the balance of US-China-Japan triangular relations is the most important factor in maintaining stability and peace in the region. No side should be dominant. And the three countries should increase their security dialogue and exchanges—especially between China and the United States and between China and Japan—so as to establish cooperative and mutually beneficial relations of 'win-win-win' among them.

The Taiwan issue should be dealt with properly

The Taiwan issue is an internal Chinese affair to which China favours a peaceful reunification. But China cannot commit itself to renouncing the use of force as a final resort to halt the independence of Taiwan and foreign intervention into Taiwan. Therefore, force is also the guarantee that the Taiwan issue might be resolved peacefully. The reason why China is very concerned about the Theatre Missile Defense system (TMD) is that if the United States provides TMD to Taiwan, it will not only violate its commitments in the three China-US joint communiques on China's sovereignty, but also make some separatists in Taiwan think that if they declare independence, the TMD can protect them from being attacked by the mainland. That will be very dangerous. And, if the United States transfers TMD to Taiwan, it will hurt the process of arms control and nonproliferation in the Asia-Pacific region and make it very difficult for China to positively consider formal participation in the Missile Technology Control Regime (MTCR). On this issue, the United States uses a double standard. On the one hand, it imposes sanctions on some countries accused of proliferating weapons of mass destruction and missiles; on the other hand, it provides many sophisticated weapons to some regions, including technologies in the TMD systems that violate the MTCR. If stability in the Taiwan Strait can be maintained and reunification with the mainland through peaceful means can be realized, China will be more willing to play the role of a responsible great power in the international community.

Notes

[1]   Jiang Zemin's report at the 15th National Congress of the Chinese Communist Party, September 12, 1997.

[2]   'China's National Defense', Information Office of the State Council of the People's Republic of China, July 1998, Beijing, p.6.

[3]   'China's National Defense', Information Office of the State Council of the People's Republic of China, July 1998, Beijing, p.4.

4   'The Amendment to the Constitution of the People's Republic of China', adopted by the Second Plenary of the 9th National People's Congress, March 15, 1999.

5   The Main Points of the Plan of Free Trade of the participants of the APEC, November 22, 1996.

7

The knowledge-based economy in China: perceptions and facts

Tian Zhongqing

In the past two years the knowledge-based economy has frequently been mentioned in the mass media in China. But among Chinese academics, what the knowledge-based economy really means and whether it has been an important part of the world economy have been heatedly argued over. Some people insist that we should be cautious in using the term, since its definition is not yet clear. Others think that a knowledge-based economy is now not only a perception but also a reality in the economic life of advanced countries and in China's economy as well.

At present it seems the discussion has been brought to an end. In fact, most people in China have already felt the huge impact of the knowledge-based economy on their work and even in their daily lives. A report issued by the Chinese Academy of Social Science gives the following definition: 'knowledge-based economy is a kind of economy established on the basis of production, distribution, application and consuming of knowledge and information.'

The appearance and growth of the knowledge-based economy has a profound social, scientific and technological background. In a certain sense, the knowledge-based economy can be regarded as a result of a technological revolution in a new era. This has four aspects. First, the productive factors, on which economic growth mainly relies, have changed in essence. The innovation and accumulation of scientific knowledge have made knowledge the main productive factor. Second, the productive equipment, which also has great influence on economic growth, has changed in essence. The 'equipment of wisdom', such as computers and all kinds of software and networks, especially the Internet, have shown their importance in the activities of manufacturing and management. Third, the leading sectors, which have a major influence on economic growth, have made qualitative changes. It is expected that the global information technology (IT) sector will replace oil as the

largest industrial sector. Fourth, great changes are happening in consumer fields, which also has a very important influence on economic growth. Consumer demand for knowledge-based products is rapidly rising and trade patents and technology are becoming one of the most rapidly growing areas of world trade.

The rise of the knowledge-based economy will influence economic development in several respects. The manner of economic growth will change greatly. The quantitative expansion of the national economy will slow down but the improvement in quality will speed up. The economic structure will also change considerably. Such industrial sectors as computer hardware, software, the nuclear industry and biological engineering will have increasingly significant positions in the national economy. Knowledge and technology will be the decisive factors in international divisions and international competition will be more acute. The frontiers of competition will move to the research and development (R&D) of products and even to basic research.

The rise of the knowledge-based economy will bring new opportunities to China's modernization and economic development in the new century. The use of knowledge-based technology will greatly reduce the price of traditional products and services. Thus China will be able to narrow the gap with the advanced nations in high-tech applications. China has comparative advantages in light industry, textiles and some capital-intensive industrial sectors. With the help of knowledge-based technology such as IT, China will further increase its capability of competing internationally in these fields. With a huge potential market, the cost of innovation and distribution of new technology will be comparatively low.

After two decades of economic reform and openness, China's comprehensive national strength has greatly increased. Science and technology, education, culture and information have changed. In the first 10 to 20 years of the 21st century, China has several favourable conditions for the healthy development of a knowledge-based economy:

- The central government has implemented a strategy of 'promoting the economy by relying on science and education';
- China has already set up quite a solid research base of essential science and technology with a system that carefully considers current needs and future development;
- The reform of the management of scientific and technological research has made much progress;
- The nation is speeding up its formation of innovation mechanisms with the aim of reaching the level of middle advanced nations by 2010;
- The quick development of high-tech industrial sectors. For example, the electronics and information sectors have been among the ten major industrial sectors in China;

- The establishment of high-tech industrial parks. There are already 53 state-level high-tech industrial parks in China that have played important roles in absorbing technology, building up innovation, and promoting the growth of high-tech enterprises; and

- The growth of private enterprise. There are a number of private companies in China that each have a total income of over 100 million RMB yuan.

On the other hand, China has also encountered many difficulties in pushing towards a knowledge-based economy. Its weakness in high-tech innovation will be one of the main factors which will restrict China's economic development. It will be more difficult to speed up China's economy by imitating the technology of advanced nations in the future. The development of a knowledge-based economy needs the relevant economic and social foundation, but general speaking, China has not yet achieved those fundamental conditions. The development of a knowledge-based economy should have suitable systems to match. It is still a heavy task for China to reform its economic systems.

In China the development of a knowledge-based economy should serve the general strategy of national economic development. China's national economy is now entering a new era of growth. China cannot avoid making structural adjustments to its economy by upgrading the industrial sectors. The technological upgrading of these industrial sectors will require the establishment and implementation of an innovation system, raising the capacity for technological innovation and moving away from relying too much on imported technology. The development of a knowledge-based economy will become an urgent task in the coming years. Now the Chinese government has decided that great effort should be put into building up a national innovation system and the construction of more high-tech industrial parks, so as to increase China's international competitiveness, and opening up new areas for the further development of the national economy. The Chinese government will do its best to support development in fields where China has advantages and in regions where basic conditions are good.

The Chinese government hopes to reach the following objectives through the cultivation of a knowledge-based economy:

- Raising the nation's capacity to innovate;

- Speeding up the reform of traditional industrial sectors by putting high technology into those sectors, so as to raise the international competitiveness of China's industrial sectors and major manufacturing sectors;

- Pushing forward the process of turning high technology into production; and

- Building up the nation's basic information facilities.

Relevant facts and achievements

Booming high-tech development zones

High-tech zones are playing an increasingly important role in some major cities. For instance, in 1998 the industrial output value of the high-tech zones in the cities of Suzhou, Qingdao, Xi'an, Harbin and Mianyang made up 33 per cent, 16.6 per cent, 14 per cent, 14 per cent, and 44 per cent of their respective totals.

China's high-tech zones, sprouting in the mid-1980s, were founded in the late 1980s. They marked the beginning of China's endeavours to catch up with the global new technology revolution in which the country had lagged far behind.

By 1999 the country had established 53 state-level high-tech zones, spreading in cities with a highly educated population such as Beijing, Wuhan, Shenyang, Nanjing, Guangzhou, Chongqing, Xi'an, Shanghai and Shenzhen. The five high-tech zones in Beijing, Suzhou, Hefei, Xi'an and Yantai have been cited as APEC (Asia-Pacific Economic Cooperation) science and technology industry parks. In addition various provinces, autonomous regions and municipalities directly under the central government have set up a large number of local high-tech development areas.

Through ten years of efforts, China's high-tech zones have basically completed a first-stage of development, creating a sound investment environment, accumulating capital and initially gathering industrial resources. At present, these high-tech zones register the most rapid economic growth in their respective localities.

By the end of 1999, the 53 state-level high-tech zones had registered more than 18,000 high-tech enterprises, with 1.8 million employees. Of these, 600, each with a technology industry trade revenue exceeding 100 million yuan, recorded 420 billion yuan in total technology industry trade revenue.

After more than a decade, the construction and development of high-tech zones has been gradually brought in line with standard international practices. At present, high-tech development service centres, also known as business incubators or innovation centers, have developed most soundly in the zones.

The process of transforming scientific and technological achievements into productive forces after the founding of high-tech enterprises is the weakest stage. Without appropriate care, the new businesses tend to come to a premature end. The business incubators aim to look after and protect newly founded enterprises in the high-tech zones.

The business incubators in China's high-tech zones have developed quite successfully. They have provided venues, facilities, related services, training and consulting guidance for technological innovation activities and newly founded enterprises. They also organize risk investment and promote the effective combination of technology, capital and commodities and of scientific research institutes, enterprises and marketing.

According to available statistics, in 1998 the nearly 100 innovation centres nationwide included not only comprehensive business incubators, but also specialized technology incubators, international business incubators and incubator networks. Covering a total of 800,000 square metres of land, these incubators register 200 million yuan of funds. Currently they are cultivating 3,700 small enterprises. Thus far, they have transformed more than 5,700 scientific and technological innovations, fostered 1,200 high-tech enterprises, created 120,000 jobs and brought in 6 billion yuan in technology industry trade revenue for themselves. And the environment has been beautified, with open squares, flower beds with colorful blossoms, fountains and vast golf courses.

The Tianjin Development Zone, one of the first development areas in the coastal cities approved by the State Council, was established in 1984. In 1994–96, it led the country's development in most economic indexes. Now, according to the first quarter statistics of 1999 issued by the State Council, the Tianjin Development Zone still ranks first in 14 major economic indexes, such as the introduction of foreign capital, gross industrial output value, revenue and export volume.

Warming up venture capital

Venture capital refers to the funds offered by investors to support people who have special scientific and technological knowledge but are short of funds to start their own businesses, with the investors bearing the risk of the failure of the invested projects. The investors aim to gain equity and profits from these businesses, seeking to make considerable profits by taking risks and investing the retrieved capital in high-risk businesses.

The investors, when setting up venture-capital enterprises, recruit specialized managers to undertake investment opportunity assessments and assist the investment recipient enterprises in their operation and management in an effort to make quick profits and lower overall investment risks. Venture capital, a combination of financing and investment, is closely linked to the state's high-tech industry development strategy.

In China, venture capital is at an initial stage of development. More than 100 venture capital companies have been established nation-wide, controlling more than 8 billion yuan in funds.

The general trend is as follows:

* First, institutional investors began to enter the venture capital arena on a large scale. Many trust and securities companies, commercial banks and large enterprise groups are planning to establish venture capital agencies. For instance, the Huaxia Securities Co. has set up a venture capital research department to study the best way to combine securities companies with venture capital;

* Second, the flow of foreign capital to venture capital increased. Countries like the Republic of Korea (ROK) and Switzerland have begun to enter

China's venture-capital enterprises. For instance, the ROK Samsung Group is stepping up its efforts to establish a venture-capital agency in China;

- Third, government-supported venture-capital agencies evolve into businesses with multiple shareholders. For instance, the Environment Protection Industry Fund was launched by largely relying on enterprise funding, in addition to government capital support. China's institutional investors are maturing and will become the main force behind venture investment in the future.

In the development of venture capital, the relevant government departments at various levels have played a dual role in policy guidance and practical operations. They make institutional arrangements in order to create a sound venture-capital environment. These includes: formulating preferential taxation and financial policies regarding the investment funds of venture-capital companies and related decrees and rules that control and supervise venture-capital market behaviour; completing venture capital mechanisms, including markets, operation, guarantee, risk avoidance and withdrawal mechanisms; introducing and training venture-capital management personnel; and discouraging the practice of seeking mature projects and short-term interests, a tendency that harms the long-term development of venture capital.

The effort to develop new and high-tech industries and invigorate the country through science and education calls for the support of venture capital mechanisms that facilitate the commercialization and industrialization of scientific and technological research. The past two years have demonstrated that venture capital enormously promotes change and improvements of concepts, means and efficiency related to the operation of China's new and high-tech industries.

Nevertheless, venture investment is a new undertaking in China, and still faces some problems. First, it is small scale. In 1999, China's scale of venture capital in high-tech industries was quite limited when compared with investment in other industries. Second, the supporting legislative framework is incomplete. Venture capital legislation, which is fairly complicated, will take at least three to five years or even five to seven years to be formulated.

Greeting an e-business era

E-business is on the rise in China. Support from the government and the enthusiastic participation of various enterprises have provided effective policy guarantees and impetus for the development of China's e-business.

As an example of this trend, the number of subscribers to Chinanet had totaled 2.1 million by the end of 1998 and rose to a further 4 million by June 30, 1999. The swift expansion of the ranks of subscribers has created an unprecedented impetus for the development of e-business enterprises, as well as for the national economy.

The Chinese government has improved the country's basic technological environment. A network of communications, data exchange and information platforms has been established, and nodal points have been opened in 60 cities nation-wide. Enterprise subscriber groups have been formed on a considerable scale. In addition, a special state-level foreign trade and economic co-operation network covering all parts of China and connected with every country in the world is taking shape.

Major results include the following:

- The basic establishment of a government-level e-business network. This network comprises standardization, internet security, government management, and foreign trade and economic information systems;

- Initial formation of the development plan for enterprise-level e-business. Enterprise-level e-business refers to business activities conducted among enterprises or between enterprises and clients by using computer and network technologies. It includes the electronic links and networking of trade and management within and between enterprises and between the government and enterprises;

- Some large transportation enterprises have succeeded in trials of enterprise-level e-business. Many small and medium-sized enterprises and even some privately operated businesses have opened new markets, gained new clients and conducted on-line transactions via e-business;

- To date, China's e-business has acquired a basic physical network and the necessary infrastructure facilities. With the rapid development of e-business, a revolution is expected to take place in the first decade of the 21st century in China's trading and economic activities that date back several thousand years.

Related matters and prospects

In the process of promoting the new economy, one of the major problems is how to deal with traditional industries. Such industries, mainly labour intensive and heavy industry, including steel, coal, food processing, chemicals, textiles and clothing, have played an overwhelming role in this stage of China's industrialization. They have absorbed most of the workers in China's cities. In recent years, China has treated these traditional industries in two ways. First, closing groups of factories in highly competitive sectors such as coal, textiles and steel; second, arming the traditional industrial sectors with modern information systems and other advanced technologies, thus improving their management, raising the quality and quantity of their production and expanding their sales channels. Many workers who had long been in traditional industry sectors have been transferred to other sectors, especially to service sectors, thus solving the problem of unemployment. With the development of the new economy, well educated young people no longer need to worry about unemployment. They receive good salaries and have plenty of

opportunities to be promoted to higher positions and even opening their own venture companies and becoming their own 'boss'.

The prosperity of the new economy in China brings together the prosperity of the financial and service sectors. The extensive use of computing systems makes banking, securities, insurance, real estate and other service sectors easy and convenient. Without the help of computers, how could China's stock market have grown to have 55 million investors!

While telling the success story of China's new economy, we should not overlook weaknesses. First, in developing the new economy, IT, biotechnology or new materials, China must rely heavily on foreign technology and key components. Now the Chinese people are familiar with such companies as Motorola, Intel and AT&T, just as they became familiar with Cola-Cola and Pepsi two decades ago. Foreign investors find partners in China and set up joint ventures, manufacture and sell products in China as well as abroad. In recent years, China has begun to have its own well-known brands such as Legend and Hairer, but generally speaking, China still lacks big corporations in new economic fields. Another weak point is that quite a few Chinese companies follow trends, but do not have their own innovative products. For example, when Motorola, Ericsson and Nokia captured a big part of China's handphone market, some Chinese companies began to realize the potential of the local market and started to develop similar products. But when handphones made by Chinese companies appeared in the market, the market had become almost saturated.

What will the future of China's new economy be like?

To the author's limited observation, the development of China's new economy will be linked with, and be dependent on, the development of the following.

First, the cultivation of a spirit of innovation. China's civilization stretches over 5,000 years. Its rich and deep-rooted culture should be an endless source of innovation. The Chinese have been proud of their Four Great Inventions: the compass; paper making; printing technology; and the first use of gun powder. These Four Great Inventions together with other inventions as well as Chinese medicines and medical treatment contribute a lot to mankind. But if you examine Chinese history, you would also be shocked by the fact that science and technology have long been ignored. Professionals who were engaged in crafts, architecture, and other practical matters occupied very low positions in society. In Chinese feudal society only those who studied Confucianism all their lives were respected and the emperors chose senior officials through national examinations. The topics of those examinations were always to explain the writings of Confucius. This has had a strong negative impact on the modern Chinese education system. Students are taught to memorize their textbooks. In class, students sit straight and listen to their teachers attentively. But they seldom ask questions, let alone debate with the teachers. The standard of a good pupil is 'good scores plus obedience'. This model of education is now called 'education for examination'. In ancient times the

knowledge learned from the works of Confucius and some of his students was used to open the door into the ruling class. In modern China the knowledge acquired by the students is used to enter universities and colleges, so that they can get good jobs in the future.

The shortcomings of 'education for examination' have long been criticized by quite a few intellectuals and officials. Chairman Jiang himself has called for a reform of China's education system. Teachers are asked to encourage students to have more discussions in class, to give less homework to them. The purpose is to cultivate a creative spirit through educational reform. Students who receive education in this way will find it easier to survive and thrive in the new economy. It is still unclear to what degree the reforms are working. In China there are so many students who want to get into universities, but only about half of them can be admitted. So, in the minds of many people, especially the parents of the students, 'education for examination' is still deeply rooted. The reforms will not only affect education, but will also challenge Chinese traditions and the forces of habits accumulated over thousands of years.

Second, the reform of state-owned enterprises. For many years, state-owned enterprises played an overwhelming role in China's industrial development. They made a historical contribution to China's industrialization. But at a time when the planned economy is moving towards a market economy and when the knowledge-based economy is rising, the weaknesses of China's state-owned enterprises are evident.

State-owned enterprise management practices do not suit a market or knowledge-based economy. Managers of most large and middle-scale state-owned enterprises are appointed by the central ministries or local governments. Strictly speaking, the leaders of these enterprises are not entrepreneurs, but officials. Quite a few of these people do not have the spirit of daring to run risks in doing business. As they are appointed to their positions, their main task is to fulfil what their 'superiors' tell them to do and nothing else. At the time of the planned economy, in most state-owned enterprises, certain kinds of products continued to be produced for many years without any improvement. So the managers do not care to improve their knowledge or keep up with the progress of technology. With the short product life cycles in the new economy, the unwillingness or inability of some state-owned enterprise managers will prove a hindrance.

State-owned enterprises have to face intense competition. In recent years more private enterprises, especially joint ventures, have appeared in China. In the competition for markets, the products of state-owned enterprises, with low technology, old styles and backward marketing techniques, lose to products manufactured by private enterprises and joint ventures and imported products. As a result, quite a few state-owned enterprises lose money and they have no funds to buy new equipment and to invest in technological research.

Most state-owned enterprises bear heavy burdens. A large part of China's state-owned enterprises is in labour-intensive fields. Usually, if advanced technology and equipment are used, fewer workers are needed. Many workers in state-owned enterprises will lose their jobs in the process of technological progress. But as China does not have a comprehensive social security system, the basic policy of the central government is to maintain social stability. So it is hard for state-owned enterprises to retrench workers. Besides, these enterprises have to cover the medical expenses of employees and pensions for the retired. As a result, it is very difficult to reduce the costs of production.

In essence, the development of a knowledge-based economy depends on highly qualified people. In China, in recent years, it is the joint ventures, international corporations and private enterprises that offer good wages to highly educated and qualified people. Because of systemic factors and a deep-rooted sense of equality, the state-owned enterprises lag behind in the competition for suitably qualified and talented employees.

In recent years, the reform of state-owned enterprises has become an urgent task for the Chinese government, and positive signs have appeared. The central government is trying to allow enterprises independence from ministries and local government. Quite a few enterprises have set up systems of directors, shareholders, and boards of directors. In this new system, the managers of state-owned enterprises are appointed by the boards of directors and not by governments officials. The managers have more power in making decisions on the use of capital, employment and other matters. With the growth of China's stock market, more and more state-owned enterprises are becoming listed companies. They get capital from the stock market that can be used for upgrading and technological innovation. Some state-owned enterprises are now fully aware of the importance of qualified people. They are beginning to attract people by offering a good salary, and even trying to build up an incentive system for the managers.

After making huge efforts and policy adjustments, the central government recently declared that the task of turning losses into gains for state-owned enterprises has been achieved. This is no doubt very good news for the future of China's industries.

State-owned enterprises know that they have to adapt to a knowledge-based economy to become profitable. But at the same time, some Chinese scholars point out that the reform of state-owned enterprise will be a long-term task. If the government relaxes even a little, the gains today will revert to losses tomorrow. They also warn that the state-owned enterprises should not invest heavily in a few knowledge-based industrial sectors just to catch up with the 'wave'. They should carefully investigate and research the market before making decisions about their investments. There is a long way to go. The performance of state-owned enterprises will be a key factor in whether China can be successful in the development of a knowledge-based economy.

Conclusion

Like globalization, the advent of a knowledge-based economy is an outstanding feature of the world economy since the end of Cold War. It has greatly influenced the economies of all the nations and the lifestyles of billions of people. China has no choice but to accept the arrival of the knowledge-based economy and participate in it.

The United States, as the country where the knowledge-based economy was born, has reaped the greatest benefits so far. Its economic performance in recent years has been excellent. Because of the rapid growth of its software industry, the economic prospects of India are bright. In the years 1960–75, when the four Asian 'Little Tigers' were on the road of rapid development, China stressed self-reliance and adopted the policy of a closed-door economy and thus lost much ground. Today China must grasp the opportunities brought by the new economy; otherwise, the gap between China and the United States will be even bigger not only economically, but also politically and militarily.

While a knowledge-based economy provides China with a good opportunity to modernize, it has also brought challenges, including unemployment and political reform; but, in general, the favourable consequences outweigh the unfavourable ones.

In developing a knowledge-based economy, China has advantages as well as weaknesses. After the great efforts of the past 50 years, China has achieved a lot in industrialization. In the coastal areas there is a fairly good industrial infrastructure, and there are quite a few technological and scientific research institutions. Thousands of universities and colleges have cultivated many young people who embrace the knowledge-based economy. These are what many other developing nations do not have. But, on the other hand, China is slow in transforming the achievements of technological and scientific research into production. China is weak in industrial innovation. The upgrading of the industrial sectors among state-owned enterprises lacks the support of capital and technology. These weak points have become obstacles in the quick development of a knowledge-based economy.

After its entry into the World Trade Organization, many IT products with zero or very low tariffs are likely to pour into China. This will pose serious threats to China's own high-tech industry. As a response to the possible threats, China is taking such measures as building up its giant IT corporations and encouraging the increase of private investment in IT sectors. The Chinese leadership is aware of these challenges. But they are determined to develop a knowledge-based economy in China, which will grow step by step in the long process of dealing with all kinds of challenges and overcoming various difficulties.

8

China's 'New Security Concept' and Southeast Asia

Carlyle A. Thayer

This chapter critically assesses China's 'new concept of security' as a guide to Chinese relations with the states of Southeast Asia. First, the chapter discusses the evolution of China's 'new concept of security', the structure of China's multilateral relations with the Association of South East Asian Nations (ASEAN), and the network of bilateral relations as framed by long-term cooperative agreements. With this as background, the chapter then focuses on key issues in China's relations with regional states: geo-strategic rivalry, military assistance programs, the code of conduct for the South China Sea, the 'one China policy' and Taiwan, and US presence in the region. The main argument of the chapter is that despite China's espousal of a 'new security concept' based on 'equality, dialogue, trust and cooperation', its relations with Southeast Asian states are heavily tinged by a realist 'power politics' approach. China seeks regional recognition of its power and status and at the same time it seeks to constrain and depreciate US power and influence.

China's 'New Security Concept'
In the 1990s, China began to develop and articulate a 'new concept of security'. The collapse of the Soviet Union and the end of the Cold War altered the context of Chinese security thinking. According to Wu Baiyi, Deputy Director of the Research Department, China Foundation for International and Strategic Studies, 'starting from 1993, policy planners and academics began quietly to amend the country's security strategy. After years of work, a renewed security concept came into being' (Wu 2001, 278). This concept expanded the definition of security to include political, defence, diplomatic and above all economic considerations. According to Wu:

> [w]hat China pursues now is a security of sustained development. The change is a landmark...The nature of its security policy, therefore, is accommodative, rather than confrontational...Compared to past policies, the current concept signifies two major changes...For the first time economic security is treated as equally important with those of 'high politics'. Second,

> it focuses more on the interrelationship between external and internal
> security challenges.

Other specialists point to the catalytic events of 1996 as having a major impact in
shaping China's 'new security concept'. For example, Chu Shulong, Senior Fellow
at the China Institute of Contemporary International Relations, argues:

> [s]ince the early 1970s till the middle of the 1990s, China actually liked to
> see America remaining [sic] its military presence and alliance system in
> Asia as a useful counter force against the Soviet threat. That position
> changed since 1996 when the US and Japan started to negotiate the new
> guideline for their security cooperation. The Chinese feel offended and
> threatened by the enlarging area of American-Japanese security cooperation
> from defending Japan to dealing with events in the areas of 'surrounding
> Japan'...Since then, in the public statements, Chinese position has been
> strongly against US-Japan security alliance and no longer welcome
> American military presence in the region (Chu 2001, 1).

Chu also noted, however, that 'the real Chinese position is complicated and
flexible. It opposes US-Japan security alliance but does not challenge US-Korean
alliance in Northeast Asia'.

Banning Garret and Bonnie Glaser, two American China specialists, argue
along similar lines. They claim that China's paradigm shift was not only a reaction
to the revised US-Japan defence guidelines, but also due to the dispatch of two
carrier groups to the Taiwan Straits in March 1996 as a response to Chinese
military threats against Taiwan (Garret and Glaser 1997, 44). These twin
developments led Chinese military and civilian leaders to re-evaluate whether the
US-Japan alliance and US forward deployed forces were a strategic benefit or a
greater threat to Chinese security. According to Garret and Glaser, 'this strategic
conundrum has led Beijing to search for a means to counterbalance the
strengthening of the US-Japan alliance and bolster Chinese leverage over
Washington while not foreclosing the possibility of improving relations with the
United States' (1977, 44).

David Finkelstein (2001, 3) argues that China developed the 'new concept of
security' for three reasons: to advance its views of a multipolar world order in
response to US global dominance; as a reaction to the strengthening of US military
alliances (including combined military exercises with Russia and Kazakhstan in
Central Asia); and to advance Chinese influence in Southeast Asia.

China's 'New Security Concept' and Southeast Asia

Starting in 1997, China initiated a diplomatic and propaganda campaign to
publicize its 'new security concept'. According to Chu, the 'new security concept'
was first introduced by Chinese officials at the ASEAN Regional Forum (ARF)
conference on confidence building measures held in Beijing in March. The
following month a joint statement between the Presidents of China and Russia
called for a 'new and universally applicable security concept' (quoted in

Finkelstein 2001, 2). In July, Chinese Foreign Minister Qian Qichen discussed the new security concept in his address to the 4th ARF meeting in Malaysia. In 1998 the People's Liberation Army issued a paper on the 'new security concept' (Li and Wei 1997), while Defence Minister Chi Haotian made reference to it in speeches delivered to Japan's National Institute of Defence Studies and Australia's Centre for Defence and Strategic Studies in February of that year.

How does China's 'new security concept' relate to China's relations with Southeast Asia? An authoritative elaboration of the 'new security concept' on China's relations with Southeast Asia first appeared in *China's National Defense* (People's Republic of China 1998), a White Paper released in July 1998. This document stressed China's support for 'regional-security dialogue and cooperation at different levels, through various channels and in different forms', including the ARF and the Council for Security Cooperation in Asia and the Pacific (CSCAP). The Chinese White Paper also endorsed 'the ARF's creative explorations for the promotion of confidence-building measures' in such areas as military medicine, military law, and multilateral cooperation on conversion of military technologies and facilities for civilian use.

China's next White Paper, *China's Defence in 2000* (People's Republic of China 2000b), added additional commentary on the role of preventive diplomacy. It stated:

> China holds that the ARF should continue to focus on confidence-building measures, explore new security concepts and methods, and discuss the question of preventive diplomacy. At the same time, it believes that the parties concerned should have a full discussion first on the concept, definition, principles and scope of preventive diplomacy in the Asia-Pacific region and reach consensus in this regard.

A further elaboration of China's new security concept in a Southeast Asian context took place in July 2000 during the course of Vice President Hu Jintao's visit to Indonesia. In a major speech delivered to the Indonesian Council on World Affairs, Hu declared:

> a new security concept that embraces the principles of equality, dialogue, trust and cooperation, and a new security order should be established to ensure genuine mutual respect, mutual cooperation, consensus through consultation and peaceful settlement of disputes, rather than bullying, confrontation, and imposition of one's own will upon others. Only in that way can countries coexist in amity and secure their development (quoted in Thayer 2000a).

Two close observers of Southeast Asia's security scene have analysed Hu's visit in these terms (Mitchell and Vatikiotis 2000, 20–22):

> China [through Hu Jintao] has made it official policy to gain influence in Southeast Asia by contrasting its behaviour in the region with that of the US. The implication was clear: Not only can China be a good neighbour, but

> Southeast Asia would benefit from partnering with Beijing rather than the
> US, which typically sees political and economic reform as prerequisites for
> amicable relations. While China has long inferred as much, Hu's speech
> marked the first time that the message was framed as a formal policy.

According to David Finkelstein, writing in October 2001, China's 'new
security concept' failed to 'take hold' in Southeast Asia because the US presence
was 'too strong' and too highly valued (2001, 5). China promoted its 'new concept
of security' by an unsubtle attack on the United States for maintaining Cold War
era alliances. Typical of this heavy handed approach was the speech delivered by
President Jiang Zemin in Bangkok in September 1999 (Thayer 1999a). Jiang
argued:

> Hegemonism and power politics still exist and have even developed in the
> international political, economic and security fields. The new 'Gunboat
> Policy' and the economic neo-colonialism pursued by some big powers have
> severely undermined the sovereign independence and the development
> interests of many small- and medium-sized countries, and have threatened
> world peace and international security (Xinhua News Agency, 3 September
> 1999).

In the wake of the terrorist attacks on the World Trade Center and Pentagon in
September 2001, China renewed its efforts to promote its 'new concept of security'
in Southeast Asia ('China's Position Paper', 2002). In July 2002, China submitted
a document entitled, 'Concerning China's Stand in Regard to the New Security
Concept' to the ninth ARF meeting (Embassy of the People's Republic of China in
Australia, 2002). At the end of the year, China issued its most recent White Paper.
This document argued that the success of the Shanghai Cooperation Organization
(formerly 'Shanghai Five') was an illustration of the 'new security concept' in
practice. The White Paper then declared China's support for the ARF and endorsed
a stepped up program of 'dialogue and cooperation in the political and security
fields with regional states'.

The following section will review briefly the structure of China-ASEAN
relations and China's bilateral relations with Southeast Asian states. The
concluding section questions the degree to which China's 'new security concept'
has actually replaced 'power politics' as a new approach to state-to-state relations.

The Structure of China's Relations with Southeast Asia

Ten countries in Southeast Asia are members of ASEAN (East Timor's
membership has not yet been decided). China's relations with Southeast Asia are
structured on a multilateral basis with ASEAN and bilaterally with each of its
individual members. Formal linkages between China and ASEAN date to 1991
when Chinese Foreign Minister Qian Qichen attended the 24th ASEAN Ministerial
Meeting (AMM) in Kuala Lumpur as a guest of the Malaysian government
(ASEAN Secretariat 1997). Qian expressed China's interest in developing
cooperation with ASEAN in the field of science and technology. ASEAN

responded positively. In September 1993, ASEAN Secretary General Dato Ajit Singh led a delegation to China for talks with Vice Foreign Minister Tang Jiaxuan that led in July 1994 to formal agreement to establish two joint committees—one on science and technology cooperation and the other on economic and trade cooperation.

In July 1994, China and ASEAN agreed to open consultations on political and security issues at the senior official level. There have been regular annual meetings of senior officials since 1995. The following year China was accorded dialogue partner status by ASEAN, and in February 1997 ASEAN and China formalized their cooperation by establishing the ASEAN-China Joint Cooperation Committee (ACJCC). The ACJCC first met in Beijing where it was decided that the ACJCC would 'act as the coordinator for all the ASEAN-China mechanisms at the working level' (Joint Press Release 1997). As a dialogue partner, China regularly participates in the annual ASEAN Post-Ministerial Conference (PMC) consultation process. This takes the form of a meeting between ASEAN and its ten dialogue partners (ASEAN ten plus ten), and a meeting between all ten ASEAN members and each of its dialogue partners (ASEAN ten plus one). In November 2002, China-ASEAN relations took a major step forward with a joint agreement on cooperation on non-traditional security issues (Joint Declaration, 2002).

China was also admitted into the ASEAN Regional Forum where it has given cautious endorsement to multilateral security activities. The ARF meets annually in conjunction with the AMM and PMC. Generally, the ARF considers regional security and political matters, while the ASEAN PMC considers economic and development cooperation and other international issues that do not fall within the purview of the ARF. China has also taken an active role in the ARF's inter-sessional work program related to confidence building measures. In September 2000 it hosted the 4th ARF meeting of the Heads of Defense Colleges (Thayer 2000a). The meeting was opened by Chi Haotian, China's Defense Minister, who argued in his address that the ARF's stress on dialogue and consultation represented a 'new security concept' and the trend of 'multi-polarization' in the region. Chi noted that regional flash points still exist, 'hegemonism and power politics have shown new traces of development' and 'democracy and human rights' were being used as excuses for intervention. According to Chi:

> separatism was gaining ground. All these will endanger or jeopardize the security and stability of the region. That's why we advocate that all countries adopt the new security concept built upon equality, dialogue, mutual confidence and cooperation (Xinhua News Agency, 6 September 2000).

In addition to ASEAN and the ARF, ASEAN-China relations have been restructured as a result of the ASEAN Plus Three (APT) process inaugurated in the late 1990s. The APT groups ASEAN with China, Japan and South Korea. The APT process has evolved into annual summit meetings at head of state level. At the APT summit held in Cambodia in November 2002, ASEAN and China signed a

'Framework Agreement on Comprehensive Economic Cooperation Between the ASEAN Nations and the People's Republic of China'. This agreement aims to establish a Free Trade Area between China and ASEAN's six oldest members by 2010 and with ASEAN's newer members by 2015.

Bilateral Cooperation Agreements

Between February 1999 and December 2000, the People's Republic of China (PRC) negotiated long-term cooperative framework arrangements with all ten ASEAN members: Vietnam, Thailand, Brunei, Malaysia, Singapore, Indonesia, the Philippines, Burma, Laos and Cambodia (see Appendix A). Each of the ten cooperative arrangements varies by title and content. The PRC-Thailand document, entitled a 'Plan of Action for the 21st Century', is the most formal. Three of the bilateral agreements are described as 'framework' documents, while the remaining six take the form of joint statements or communiqués. Taken as a whole, these bilateral cooperation agreements share six points in common:

- All were signed by high-level officials, usually foreign ministers but also by vice premiers, and in the case of China and Vietnam, by party secretary generals.

- All affirm that bilateral relations will be based on the basic norms found in the UN Charter, Five Principles of Peaceful Coexistence, ASEAN Treaty of Amity and Cooperation (TAC), and 'recognized principles' found in international law. China's agreements with Singapore and Vietnam omit reference to the TAC, while the China-Indonesia agreement includes a reference to the ten principles adopted by the Bandung conference in 1955.

- All agreements call for frequent high-level exchanges and regular consultations between foreign ministries if not at foreign minister level.

- All agreements contain a paragraph acknowledging support for a 'one China' policy including recognition that Taiwan is part of China.

- Eight of the agreements contain a specific pledge by China to respect the 'independence, sovereignty and territorial integrity' of the other party. This commitment is omitted from the PRC-Brunei and PRC-Vietnam documents.

- Eight of the agreements include the pledge to consult and cooperate in various multilateral forums including the United Nations, ASEAN, and ASEAN Plus Three. Seven agreements also include the ASEAN Regional Forum; five include Asia Pacific Economic Cooperation (APEC) and Asia-Europe Meeting (ASEM), four include the World Trade Organization (WTO), and the PRC-Indonesia includes the Non-Aligned Movement.

The bilateral cooperation agreements also contain substantial differences. Six of the agreements made reference to various forms of defence cooperation (Brunei,

Laos, Malaysia, Philippines, Singapore, Thailand), but the wording varied from document to document. The PRC-Brunei agreement, for example, only mentioned 'possible cooperation in...defence'. Three of the agreements made specific mention of human rights (Indonesia, the Philippines and Laos). The PRC-Indonesia agreement stated, for example, 'human rights issues must not be solved at the expense of the principles of state sovereignty and sovereign equality among nations or in contravention or violation of the principles on which the United Nations itself was founded'. Three of the agreements specifically mentioned territorial disputes in the South China Sea (Philippines, Vietnam and Malaysia). China's agreements with Malaysia and the Philippines declared that the settlement of disputes would be based on international law, including the 1982 United Nations Convention on Law of the Sea. The PRC-Vietnam agreement clearly indicated that territorial disputes were still a contentious matter. 'Both sides', it declared, 'will refrain from taking any action that might complicate and escalate disputes, resorting to force or making threats with force'. Finally, the PRC-Indonesia joint statement was the only one to mention weapons of mass destruction.

Issues in China-Southeast Asia Relations

Geo-strategic rivalry. China's assertions that its 'new security concept' represents a break from 'power politics' cannot be accepted at face value. China's espousal of a multipolar international system and 'new security concept' are aimed at transforming the present balance of power in East Asia in America's favour to one in which China will play a more prominent role. According to Finkelstein and McDevitt (1999), China views the US system of bilateral military alliances 'as destabilizing and anachronistic. It believes they are latent threats'. China would like to see the transformation of the present unipolar balance into a triangular relationship involving China, the United States and Japan. This new power configuration would evolve as a consequence of the weakening of the US-Japan alliance and the development of a more equal relationship between Beijing and Washington.

China was initially resistant to the idea of multilateralism in the security realm in the Asia-Pacific. China soon discovered, however, that participation in multilateral activities could serve to constrain the United States. China therefore espoused multilateralism as a key component of its 'new security concept' in order to offer an alternative to alliance relations with the United States. China views the US-Thai and US-Philippines bilateral alliances as weak links. According to Robyn Lim (1998, 131):

> China...[is] beginning to use multilateral approaches to 'question the appropriateness' of the 'prevailing security arrangements.' So-called new security concepts call for bilateral alliances to be replaced by non-allied relationships and an as-yet undefined mechanism that provides 'equal security' for all states.

With respect to Southeast Asia, China's espousal of its 'new concept of security' is to develop a 'strategic partnership' with ASEAN and to develop bilateral relations as a substitute for bilateral alliances (Finkelstein and McDevitt 1999). China's drive to attain these objectives has revived the embers of geo-strategic rivalry with India and Vietnam. For example, China's decision to forge a strategic partnership with the Burmese regime in the late 1980s and early 1990s provoked India into competing for influence in Yangoon (Garver 2001, 258–74). China's geo-strategic concerns surfaced when it was announced that Russia would finally withdraw from naval facilities at Cam Ranh Bay in May 2002 (Storey and Thayer, 2001). During the course of President Jiang Zemin's visit to Hanoi in late February, for example, it was reported that Jiang extracted a promise from Secretary General Nong Duc Manh not to allow the United States access (Breckon 2002c).

China has also sought to play on elite differences in Cambodia and Laos about their relations with Vietnam. China's actions have triggered Vietnamese suspicions and rekindled sub-regional rivalry (Thayer 2001c). Mitchell and Vatikiotis (2000, 20–22) argue that Sino-Cambodia relations are a good example of how China's 'new security concept' works in practice. They note that after an estrangement in Washington-Phnom Penh relations dating to 1997, China moved to fill the void by providing over US$200 million in aid. China has supported the Hun Sen government's resistance to external pressures to establish an international tribunal to try the Khmer Rouge for war crimes. China has also given high-level attention to Cambodia. In the six-month period from November 2000 until May 2001, China's president, defence minister, premier and minister of foreign trade all visited Phnom Penh. Cambodian commentators were quick to point out that China was seeking simultaneously to counter US influence, weaken Hun Sen's links with Vietnam and increase its influence in ASEAN (Thayer 2001).

In response to an economic crisis in the Lao People's Democratic Republic in 1999, mounting internal security problems, and a reported split in the Lao leadership along pro-Hanoi versus pro-Beijing lines, China built up its influence in Vientiane (Thayer 2000b and 2001c). China provided a package of interest-free loans that helped stabilize the *kip* and reduce inflation. China has also provided a growing volume of development assistance and investments as well as undisclosed military aid. As with Cambodia, China also dispatched high-level visitors to Laos. In November 2000, President Jiang Zemin made his first visit, and in February 2001 Defence Minister Chi Haotian and a large military delegation called in. Immediately after Chi's departure, his Vietnamese counterpart, General Pham Van Tra, flew in to offer military assistance that cash-strapped Vietnam had earlier declined to provide. China's support for the Lao government was widely viewed as designed to shore up stability in a country bordering China and to undercut Hanoi's influence. Chinese actions prompted Vietnam to redouble its efforts to maintain its historic 'special relations' with its Indochinese neighbour.

China's Military Assistance Program. China has used the instruments of military aid to gain influence in Burma and Cambodia. China first came to the assistance of the Burmese regime after the suppression of the pro-democracy movement in 1988. Two major arms agreements were signed in 1989 and 1994. China provided military training, technical and maintenance assistance in an effort to transform the Burmese army into a modern force. Chinese assistance in bolstering Burma's communications and electronic surveillance capabilities and modernization of the Burmese navy has been of particular concern to India and Thailand.

In 1999, China granted Cambodia military assistance valued at US$1.5 million (Thayer 2000d). In October of that year Ke Kim Yan, Commander-in-Chief of the Royal Cambodian Armed Forces, led a senior military delegation to Beijing to discuss China's offer of military assistance. Ke Kim Yan held discussions with Fu Quanyou, Chief of the General Staff, People's Liberation Army (PLA). This was the highest level Cambodian military delegation to visit China since 1993. It was immediately followed by a return visit by a senior delegation from the PLA's General Logistic Department. According to one report, China offered to supply a number of tanks, artillery pieces, trucks and weapons (Thayer 2000d).

In September 2000, China announced a military assistance grant to Cambodia for personnel training valued at US$2.7 million. Later, Kun Kim, Deputy Commander-in-Chief of the Royal Cambodian Armed Forces, visited Beijing where he held discussions with Zhang Wannian, Vice Chairman of the Central Military Commission and Fu Quanyou. In February 2001, Defence Minister Chi Haotian visited Cambodia at the invitation of the co-Ministers of Defence, Tea Banh and Prince Sisowath Sereyrath. Prime Minister Hun Sen requested a loan of US$12.5 million to assist in the demobilization of the Cambodian army. Chi responded by promising to take this request back to Beijing for consideration, and he announced a grant of US$3.5 million to aid in the rehabilitation of a military hospital and provincial training centre.

During 2000, Laos continued to experience civil unrest by armed Hmong ethnic minorities. In addition, unknown perpetrators set off five or more explosions in Vientiane and Pakse. Lao hardliners sought and received Chinese military and economic assistance. In February 2001, after visits by top Lao military officials, China's Defence Minister Chi Haotian visited Laos for talks with his counterpart. Chi was accompanied on his visit by a delegation that included senior representatives from the Beijing, Chengdu, Guangzhou and Nanjing military regions and deputy director of the PLA's General Armament Department. General Chi's visit was clearly aimed at beefing up China's support for the modernization of the Lao People's Army and improving its capacity to deal with internal threats, especially from anti-regime Hmong rebels. On 7 February, for example, Chi told Prime Minister Sisavath Keobounphanh 'China has always supported the Lao government in its efforts to modernize its military and maintain state security and social stability' (Xinhua News Agency, 7 February 2001).

South China Sea Code of Conduct. China (and Taiwan) and four members of ASEAN (Vietnam, the Philippines, Malaysia and Brunei) maintain overlapping territorial claims in the South China Sea. China has never clearly demarcated its claim preferring to rely on a 1948 map published by the Republic of China that contains nine dash marks in the shape of the letter 'u' (US Pacific Command, 2000, 7–8). Through this means China has kept its claims deliberately ambiguous.

China has long preferred to settle territorial disputes in the South China Sea on a bilateral basis. However, as a result of ASEAN's reaction to Chinese 'creeping assertiveness' in the South China Sea in 1992 and 1995, China's territorial claims became in effect 'multilaterialized'. At the first ASEAN-China SOM held in Hangzhou in April 1995, for example, China was confronted by a unified ASEAN stance on this issue. This led to an alteration in China's declaratory policy. At the 2nd ARF meeting China announced that it would settle its maritime disputes peacefully on the basis of international law including the UN Convention on Law of the Sea. At the 7th ARF meeting, when Thailand attempted to raise the Spratly Islands question, 'the Chinese slapped down the Thai proposal brusquely and rudely. Never, they threatened, will Beijing discuss the Spratlys in a forum—even though six nations claim the archipelago' ('China's Alarming Military Growth', *The Bangkok Post,* 27 August 2000).

Despite this stance, China has consented to discuss a South China Sea code of conduct at special meetings with ASEAN officials. A number of working group meetings on a draft code of conduct were held between March 2000 and August 2002. At the first meeting held in Thailand in March 2000, China and ASEAN both tabled drafts for discussion. These documents covered four specific concerns: dispute resolution, building trust and confidence, cooperation on marine issues and environmental protection, and modes of consultation. Both documents urged self-restraint and the non-use of force or threat of force pending resolution of disputes. The drafts also advocated cooperation to protect the environment, marine scientific research, safety of navigation, and search and rescue.

One of the major differences between the two drafts was the scope of geographic coverage. China wanted the code confined to the Spratly Islands, while Vietnam insisted on the inclusion of the Paracels. ASEAN also insisted on a halt to future settlement and construction. China, for its part, sought to curtail harassment of its private fishing vessels by Philippines' navy patrol craft. Beijing proposed that the claimants 'refrain from use or threat of force, or taking coercive measures (seizure, detention and arrest)...against fishing boats or other civilian vessels engaged in normal operation in the disputed areas, nor against nationals of other countries thereon' (People's Republic of China 2000a).

At the second ASEAN-China working group meeting held in Malaysia in May 2000 agreement was reached to combine the two drafts. The consolidated draft was discussed by the joint working group in August. Vietnam once again objected to the exclusion of the Paracel Islands. China opposed wording that would restrict or prohibit construction on occupied features in the area. The next working group

meeting, held in Hanoi in October 2000, reached an impasse over three major issues: the geographic scope of the code of conduct, a ban on new construction activities and prohibition on new occupation of unoccupied features. Chinese officials were adamant that the code of conduct be classed as a political and not a legal document.

Subsequently, the Philippines drew up a new draft that deleted reference to the code's geographic scope and included a Malaysian proposal to make the code a non-binding agreement. This was presented to the ASEAN SOM held in Hanoi in July 2001. Once again Vietnam argued for the inclusion of the Paracels and the matter could not be resolved. The following year the impasse was finally broken. ASEAN and China agreed to a face-saving non-legally binding declaration that outlined how the parties should conduct themselves ('Declaration on the Conduct of Parties in the South China Sea', 2002). Nonetheless, China has not altered its claim to 'indisputable sovereignty' over the entire South China Sea.

Chinese construction activities and the deployment of warships to the South China Sea are viewed with concern by ASEAN states. In April 2001, for example, a Philippine military official disclosed that 'the Chinese have installed modern communications equipment there (Mischief Reef), far more sophisticated than before' (*Philippine Daily Inquirer*, 16 April 2001). Early the following month, US intelligence detected signs that China's South Sea Fleet was preparing for large-scale military exercises in waters south of Hainan Island (Geertz 2001a). A PLA advanced team was observed on Woody Islands in the Paracels. China's exercises were timed to coincide with Cobra Gold, a multilateral Thai-US-Singapore military exercise held in Thailand.

On 18 May 2001, two Chinese *Jianghu*-class frigates and an intelligence gathering ship were spotted off Scarborough Shoal. Helicopters launched from these ships were observed flying in the area. These Chinese actions raised fears in Manila that Beijing was contemplating erecting structures on Scarborough Shoal similar to those on Mischief Reef. In June, more than a dozen Chinese warships, including *Luhu*-class destroyers and *Jianghu*-class frigates, transited the South China Sea (Geertz 2001b). These naval deployments coincided with the largest and most complex Chinese war games in the Taiwan Straits simulating a mock attack against Taiwan.

According to a classified report by the Armed Forces of the Philippines prepared in March 2002,

> China's actions are widely viewed as a double-edge diplomatic strategy aimed at furthering its strategic goals in the region. Beijing uses negotiating tactics to keep neighboring governments hopeful of a peaceful compromise while the Chinese military continues to build up its permanent 'fortresses' in the Spratly Islands (Gomez 2002).

Taiwan and the 'one China policy'. All ASEAN states adhere to the 'one China policy' while some maintain investment, commercial and trade links with Taiwan.

China remains ever vigilant to prevent ties between ASEAN states and Taiwan from transgressing this policy. The 1999 Sino-Vietnamese joint statement, for example, was notable for the following passage: 'It (China) resolutely opposes the establishment of any form of official relationship or any contact of an official nature with Taiwan by any country that has established diplomatic relations with China'.

In early 2001, Singapore's longstanding ties with Taiwan became an irritant in bilateral relations with China (Thayer 2001c). In February, Singapore's Second Minister of Defence, Teo Chee Hean, visited Beijing for discussions with Guo Boxiong, Deputy Chief of the PLA General Staff, on cooperation in the fields of politics, trade, and education. During the course of discussions between Teo and Guo, the latter remarked that China was opposed to any country that had diplomatic relations with China from developing official relations with Taiwan. Guo continued, 'We hope that the related countries shall keep alert for the political attempt of Taiwan authorities of splitting from the motherland, and observe one-China commitment' (Xinhua News Agency, 19 February 2001). Guo was referring to reports that Taiwan's President Chen Shui-bian was planning a 'vacation trip' to Singapore. On 8 February, a Chinese Foreign Ministry spokesperson demanded that Singapore clarify reports concerning Chen's proposed visit. Singapore denied that there were any such plans. Guo was also alluding to longstanding Singapore-Taiwan defence links that were then under discussion. In 1996, Taiwan agreed to host Singaporean infantry, armour and artillery units for joint combat training and to maintain and repair tanks and Hawk missiles. Under a program known as Operation *Hsing Kuang* (Starlight), Singapore armed forces utilized three training camps in Taiwan.

In late 2000, Taiwan's Navy Commander-in-Chief, General Le Chieh, reportedly made a 'vacation trip' to Singapore. Singapore's Chief of the General Staff then paid a reciprocal visit to Taiwan where he held discussions on their joint military training agreement. In early 2001, Taiwan's Minister of National Defense, We Shih-wen, made an unpublicized trip to Singapore. It was in the context of these developments that in January, China used the occasion of the exchange of the first defence attaches with Singapore, to offer training facilities on Hainan Island. China had made a similar offer in 1999. Singapore rejected Beijing's offer and renewed its training agreement with Taiwan (*Tzu-Yu Shih-Pao*, 12 February 2001). The issue of Singapore's use of Taiwanese military training facilities surfaced again in September 2002 when Senior Minister Lee Kuan Yew, accompanied by Singapore's Defence Minister, paid another visit to Taipei.

US Presence. China is opposed to bilateral military alliances and argues that these are destabilizing. As noted above, China regards the US-Thai and US-Philippines bilateral alliances as weak links. China has moved closer to Thailand since the election of the Thaksin government. For example, China's Defense Minister Chi Haotian altered the itinerary of his trip to Laos, Vietnam, Cambodia and Nepal to include Thailand after it became clear that General Chavalit would become

Minister of Defence in the new government. Although Chi's visit was billed a personal one, his agenda included meetings with all of the current and former top military brass. Chi and Chavalit discussed strengthening Sino-Thai security cooperation, drug suppression, and the ongoing border clashes between Burma and Thailand. Chi also used the occasion to lobby his 'old friend' to assist in curtailing the activities of the Falun Gong religious movement in Thailand (Thayer 2001c). In August 2001, President Jiang Zemin promised Prime Minister Thaksin that Beijing would continue to provide assistance to the Thai armed forces in maintaining weapons and equipment sold by China.

Chinese assertiveness in the South China Sea in 1995 was instrumental in changing elite opinion in the Philippines towards a more favourable view of their alliance with the United States. Official US policy under the Clinton Administration was that the United States took no position with respect to territorial disputes. Rather, the United States stated its concern for safety and freedom of navigation on the high seas. In the view of some observers, this excessively legalistic and ambiguous interpretation provided China with an opportunity to devalue the US-Philippines 1951 Mutual Defense Treaty by occupying and constructing facilities on Mischief Reef.

In 1999, Thomas Hubbard, the United States Ambassador in Manila, sent a letter to the government of the Philippines clarifying that the Mutual Defense Treaty had both 'territorial and situational applications'. This letter was sent a week before the Philippines Senate passed a Visiting Forces Agreement (Kyodo News Agency, 4 June 1999). Philippines spokesperson Fernando Barican disclosed that the Hubbard letter made references to official statements by former US Secretary of State Cyrus Vance in 1977 that the 1951 treaty covered Philippine armed forces, vessels, planes and supply ships 'that may be attacked, no matter where, by a hostile force' (quoted in Thayer 1999b). At issue was whether or not the United States was bound to defend Philippines-claimed islands in the South China Sea that were occupied after the 1951 defence treaty was signed.

After the ratification of the Visiting Forces Agreement, the United States and the Philippines resumed military cooperation including joint exercises. China has repeatedly expressed concern about this development. In ASEAN-China negotiations on a South China Sea code of conduct, China has attempted to include references prohibiting 'any military exercises directed against other countries' in or near the Spratlys, and 'dangerous and close-in military reconnaissance' (People's Republic of China 2000a). In August 2000, China tried to insert in the revised draft code of conduct wording that would restrict US military exercises in the 'waters around' the Spratly Islands.

These Chinese actions have forced Philippine officials to allay Beijing's concerns. For example, a joint US-Philippines exercise codenamed *Balikatan 2000* (Shoulder-to-Shoulder) was held in late January-early March 2000. This exercise involved up to 5,000 troops in a variety of activities (Thayer 2000c). On 29 January 2000, Defence Secretary Orlando Mercado assured Chinese Ambassador

Fu Ying that naval exercises around Palawan island would be in Philippine waters. Armed Forces Chief General Angelo Reyes said the exercises were not meant to send any message to China or any other country, adversary or notional enemy. On 7 February, Mercado stated that joint US-Filipino military exercises were not linked in any way to growing tension between the Philippines and China over competing claims in the South China Sea. Despite these assurances, on 14 March, on the eve of China-ASEAN discussions on a code of conduct for the South China Sea, it was reported that Yang Yanyi, Senior Counsellor of China's Foreign Ministry, expressed concern about large-scale military exercises involving countries outside the region. 'If some countries continue to beef up their military alliances or joint exercises, all sides will continue to be suspicious of one another', she said (quoted in Thayer 2000c).

China has also played its 'anti-American' card in its dealings with other Southeast Asian states. When Vice President Hu Jintao visited Malaysia in April 2002, for example, he endorsed the emergence of the ASEAN Plus Three as Prime Minister Mahathir's East Asia Economic Group under another name. When Mahathir first proposed an East Asian caucus he specifically excluded the United States and drew strong protests from Washington. Hu told his Malaysian hosts that China opposed big nations bullying the small (Breckon 2002b).

China has also exhibited concerns about the growth of US influence in Southeast Asia as a result of its prosecution of the war on terrorism. In an address to ASEAN ministers in July-August 2002, Foreign Minister Tang Jiaxuan portrayed China—not 'certain outside countries' (read the United States)—as the region's natural partner in the new century (Breckon 2002a). As noted above, Tang chose this opportunity to revive China's 'new security concept' by endorsing the Shanghai Cooperation Organization and the ARF as models for shaping regional security arrangements in the future.

Conclusion

China's relations with the ten independent states of ASEAN have undergone a sea change in recent years. China is no longer viewed as a threat but as a political, economic and diplomatic partner (Yee and Storey 2002). China has established formal links with ASEAN and is currently implementing an extensive program of cooperative activities. China has joined the ARF and has stepped up its participation in the process of dialogue and consultations as well as practical confidence building measures. China has been an active supporter of the ASEAN Plus Three process and is successfully negotiating a free trade agreement between China and ASEAN.

China has also developed extensive bilateral ties with each Southeast Asian state. These have been codified in long-term cooperative framework agreements. These extend beyond state-to-state relations to include the private sector and party-to-party relations. China also gives consistent high-level political attention to the region. Its president, premier, defence minister and other cabinet officials regularly

travel to Southeast Asia; their regional counterparts are just as regularly received in Beijing (Breckon, 2001; 2002a–c; 2003; Thayer 2000a–d; 2001a–d).

China's assiduous wooing of Southeast Asian states, coupled with its defence cooperation programs, have revived geo-strategic rivalries, especially with India and Vietnam. India is most concerned about Chinese inroads into Burma, while Vietnam frets about losing its influence in Laos and Cambodia. China's claims to the South China Sea and its assertiveness in this area have aroused suspicions in Hanoi, Manila and elsewhere. The inability of China and ASEAN to negotiate a formal code of conduct for the South China Sea is indicative of mutual suspicions and lack of trust. Nationalist sentiment has been stirred up in the Philippines and Vietnam. There is concern by some ASEAN states that China seeks to influence ASEAN and its future direction by developing close relations with Myanmar, Laos, and Cambodia as avenues of influence.

All nations in Southeast Asia adhere to the 'one China policy' while most conduct commercial and other relations with Taiwan. China brings instantaneous pressure to bear at the slightest sign of transgression. Vietnam's economic linkages to Taiwan have featured in joint statements between Beijing and Hanoi. Singapore's longstanding defence links with Taiwan have also proven to be an irritant.

Since 1997 China has promoted a 'new concept of security' as its main policy towards security cooperation with Southeast Asia. As noted by two experienced security analysts, 'many observers believe that it is intended to replace the current US-led bilateral security alliance structure of the Asia-Pacific region' (Swaine and Tellis 2000, 118). Southeast Asian states by and large value the US military presence as contributing to regional stability. They do not wish to face a situation were they will be forced to make a choice. This is the major reason why China's 'new concept of security' has not gained traction in Southeast Asia. In the wake of 9–11, the United States has recouped its influence as a major security player in the region through its war on terrorism. This development has resulted in a renewed effort by China to repackage and promote its 'new concept of security' through the ARF process (Ling 2002, and *People's Daily* 2002).

China's 'new concept of security' cannot be taken at face value as a new form of state-to-state relationship devoid of power politics. China employs the 'new security concept' to pursue its national interests by traditional power politics, including such instruments as economic and military aid and political pressure. This is evident in a review of the key issues in China-Southeast Asia relations in the case studies presented above.

China's growing economic and commercial links with Southeast Asia should be welcomed by states external to the region. These ties increase Chinese interest in seeing the region remain peaceful and stable. External states should continue to give due recognition to China's power and status. However, external states should oppose Beijing's attempts to undermine existing US bilateral military alliances in

the Asia-Pacific region. These alliance relationships are a vital underpinning of regional security until some form of effective multilateral security mechanism emerges.

Appendix A—Bilateral Cooperative Agreements

PRC-Brunei. Joint Communiqué between the People's Republic of China and Brunei Darussalam, Beijing, August 23, 1999. Xinhua News Agency, August 23, 1999.

PRC-Burma. Joint Statement on the Framework of Future Bilateral Relations and Cooperation between the People's Republic of China and Myanmar, Beijing, June 6, 2000. Xinhua News Agency, June 6, 2000.

PRC-Cambodia. Joint Statement on the Framework of Bilateral Cooperation between the People's Republic of China and the Kingdom of Cambodia, Phnom Penh, November 13, 2000. Xinhua News Agency, November 13, 2000.

PRC-Indonesia. Joint Statement on the Future Directions of Bilateral Cooperation between the People's Republic of China and the Republic of Indonesia, Beijing, May 8, 2000. Xinhua News Agency, May 8, 2000.

PRC-Laos. Joint Statement on Bilateral Cooperation between the People's Republic of China and the Lao People's Democratic Republic, Vientiane, November 12, 2000. Xinhua Domestic Service, November 12, 2000.

PRC-Malaysia. Joint Statement on Framework for Future Bilateral Cooperation between the People's Republic of China and Malaysia, Beijing, May 31, 1999. Xinhua News Agency, May 31, 1999.

PRC-Philippines. Joint Statement Between the Government of the People's Republic of China and the Government of the Republic of the Philippines on the Framework of Bilateral Cooperation in the 21st Century, Beijing, May 16, 2000. Xinhua News Agency, May 16, 2000.

PRC-Singapore. Joint Statement on Bilateral Cooperation between the People's Republic of China and the Republic of Singapore, Beijing, April 11, 2000. Xinhua News Agency, April 11, 2000.

PRC-Thailand. Joint Statement of the People's Republic of China and the Kingdom of Thailand on a Plan of Action for the 21st Century, Bangkok, February 5, 1999. Xinhua News Agency, February 5, 1999.

PRC-Vietnam. Vietnam-China Joint Statement on an Official Friendly Visit to China by Le Kha Phieu, General Secretary of the Communist Party of Vietnam, Beijing, February 27, 1999. Xinhua Domestic Service, February 27, 1999.

PRC-Vietnam. Joint Statement for Comprehensive Cooperation in the New Century between the People's Republic of China and the Socialist Republic of Vietnam, Hanoi, December 25, 2000. Vietnam News Agency, December 25, 2000.

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Chinese nationalism and its foreign policy implications

Zhang Jian

On 1 April 2001, a US spy plane and a Chinese jet fighter collided in mid-air about 60 miles off the coast of China's Hainan Island. The collision killed the Chinese pilot and forced the US plane to undertake an emergency landing at a nearby Chinese military airbase. Largely unexpected, the incident immediately triggered nationwide public outrage in China against the perceived hegemonic behaviour of the United States. The Chinese government, partly under intense public pressure, detained the 24-member crew of the US plane for 11 days and demanded a formal apology from Washington. The event caused a diplomatic crisis between the two countries. It also heightened a widely held concern by many China observers in recent years: whether Beijing's foreign policy is becoming aggressive, increasingly driven by a rising anti-US popular nationalism (*Economist* 2001, 23).

Chinese public anger expressed after the incident added to anti-US sentiments apparent since the early 1990s. Unlike in the 1980s when the west, especially the US, was widely perceived by many Chinese as a model to be emulated, the 1990s witnessed a growing sense of disenchantment with America. For much of the 1990s nationalist voices in China's intellectual circles dominated the discourse on the position China should adopt in its international relations. In the wider population, admiration and a friendly attitude towards the US gave way to antagonistic feelings. Events such as the 1999 US bombing of the Chinese embassy in Belgrade and the 2001 spy-plane incident stimulated strong physical and verbal expressions of anti-US views, taking the outside world by surprise.

Many observers believe that Chinese nationalism has an explicit expansionist and chauvinistic character, making Chinese foreign policy more aggressive (Chang 1998; Bernstern and Munro 1997; Friedman 1999; Sautman 1997). In particular, this school of thought argues that the current 'visceral nationalism' in China is deliberately promoted by the Chinese Communist Party (CCP) to legitimize its continued rule when communist ideology has lost its credibility worldwide. For example, Chanda and Huus (1995, 20) wrote 'The Chinese regime, left ideologically bereft by the global collapse of communism, has taken refuge in

nationalism to shore up its power'. Conversely, there is a widely held belief that because 'nationalism is the sole ideological glue that holds the People's Republic together and keeps the CCP government in power' (Christensen 1996, 46), the current Chinese regime cannot afford to resist public pressure centred on nationalistic sentiments when handling international affairs. This school argues that China is therefore likely to adopt an increasingly confrontational stance when its sovereignty, national interests and status are threatened.

This chapter presents an analysis of the upsurge of anti-US sentiments among ordinary Chinese since the early 1990s and its ramifications for China's foreign policy. Contrary to the aforementioned assumption that Chinese nationalism is state-led and instrumental, the chapter argues first, that the recent rise of popular nationalistic sentiments in China is both domestically driven and externally invoked. In this regard, I join those who argue that popular nationalism in China is more a reaction to external pressure than a product of state propaganda (Zheng 2000; Gries 1999, 2001; Zhang 1997). The rising anti-US feeling of the Chinese people essentially reflects a reactive frustration at the perceived denial of China's acceptance into international society and anger about the perceived or real US policy of 'containing China'. Therefore, rather than a state-crafted, xenophobic 'racial nationalism' (Sautman 1997), anti-US sentiment has its roots, however ironically, in a strong desire of the Chinese people to be accepted into international society.

Second, the chapter argues that the aforementioned assumption overestimates the significance of nationalism as an ideological basis for the government's legitimacy, as well as its influence upon Chinese foreign policy-making. It shows that despite growing nationalistic sentiments, Chinese foreign policy is shaped by pragmatism based on economic and political considerations. Nonetheless, rapid changes within and outside China induce uncertainty about the influence of popular nationalism upon China's future relationship with other countries.

The chapter begins by reviewing shifts in nationalistic sentiments among the Chinese public since the early 1990s. This is followed by an analysis of the causes of the upsurge in nationalistic sentiments during the same period. Then the impacts of these sentiments on Beijing's foreign policy are explored, focusing on the spy-plane incident. Finally, a brief discussion of policy implications concludes the chapter.

The rise of popular nationalistic sentiments in China

Despite attracting increasing academic and media attention outside China,[1] the development of popular nationalism in China since the early 1990s is not a coherent socio-political discourse. Many Chinese people—even some of those advocating an explicitly xenophobic anti-US viewpoint—do not identify themselves as nationalists. Moreover, throughout the last decade, the themes, intensity and forms of expression of popular nationalistic currents in China varied significantly over time and among different social groups. Roughly speaking, three

stages can be identified in the development of popular nationalism in China since the early 1990s. The first stage featured the emergence of an anti-westernization conservative, nationalistic discourse among sections of the Chinese intelligentsia after 1992. The second stage was in 1996–97 when a more emotional and xenophobic nationalistic view emerged and gained prominence in public moods in China. The third stage started in mid-1999, and was marked by emotional and sometimes even violent mass actions against the United States.

Nationalistic voices began to appear among the Chinese intelligentsia in the early 1990s as part of an emerging neo-conservative discourse that signified a sharp turn in Chinese intellectuals' attitudes towards the west (Zhao 1997; Chen 1997; Fewsmith 1995; Rosen 1997). Throughout the 1980s, western style democracy was a goal anxiously pursued by many Chinese scholars. This was largely because of an ideological crisis in Chinese society brought about by the post-Mao reforms that started in the late 1970s. The failure of Maoist socialist radicalism in the previous three decades, the realization of the gap between China's backward economy and the western industrial world, and the reintroduction of the capitalist mode of production, all eroded Chinese people's belief in communism. Many intellectuals thus turned to the west to seek new models for China's development. In the 1980s, calls for modernization through an 'all-out westernization' gained wide currency among many Chinese intellectuals and students.[2]

In a somewhat puzzling development, however, in the early 1990s many Chinese scholars began to question the merits and feasibility of adopting a political system modelled on the west. They argued that because of China's different social, economic and political conditions, thoughtless introduction of western-style institutions would only lead to social and political disaster (Zheng 1999, 51–4). For various reasons, these scholars began to emphasize the important role that nationalism could play in China's modernization process. A majority of the scholars were concerned mainly with the many domestic problems perplexing China in the 1990s. These problems included rampant corruption, a perceived loosening of morals and, above all, the declining governing capacity of the state. Fearful of a potential regime collapse and national disintegration, they began to advocate a Confucianism-based nationalism as a new state ideology to rebuild regime legitimacy, enhance national identity, and maintain social order (Xiao 1994a). Some other scholars were more concerned about China's position in an uncertain post-Cold War international environment, believing that conflicts over national interests rather than ideology would be the major challenges to China's modernization program (Fang, Wang and Song 1999). There were yet others who feared that the inflow of western ideology and culture was endangering Chinese cultural identity, and they therefore became increasingly critical of western culture and called for a 'renaissance' of Chinese tradition (He 1996).

This intellectual discourse was most discernable in a number of new periodicals that appeared after 1992 to provide fora for cultural and nationalistic debate. Some

of the most influential journals included *Zhanlue yu guanli* (Strategy and Management), *Dongfang* (Orient), *Xiandai yu chuantong* (Modernity and Tradition), and *Dongxifan wenhua pinglun* (Eastern and Western Cultural Review). Most of these journals were privately funded and represented non-official opinions (Chen 1997, 596). It should be noted, however, that this nationalistic discourse in the early 1990s was largely confined to this intellectual circle. Due to their theoretical orientation and scholarly style of writing, most of the nationalistic writings published in this period had little audience outside this circle.

Towards the mid-1990s, however, a more radical and even xenophobic nationalistic view started to emerge not only among Chinese intellectuals but also in the broader context of Chinese society. Frustrated by the turbulent Sino-US relations in the first half of the 1990s, many Chinese people believed that the US was making efforts to contain China and that China should fight back. This view was most clearly expressed in a book titled *Zhongguo keyi shuobu* (*China Can Say No*) published in May 1996. Written by five young intellectuals, the book vociferously attacked the United States, in particular its policy toward China. The authors asserted that 'containing China' has become a long-term US strategy in the post-Cold War era. Among other things, they wrote that the United States was trying to encircle China by organizing an anti-China club among its allies; that it was blocking China's entry into the World Trade Organization; that it was culturally invading China via Hollywood films; and that the CIA was conducting subversive activities in China (Song et al. 1996a). In all, the authors claimed that the United States was determined to contain China from rising as a great power, and had bullied China for too long. They argued that China should develop a counter-containment strategy against the United States.

While incurring as much criticism as support in China, the book became an instant best-seller with around 2 million copies reported sold. Within a few months, the authors published a more xenophobic sequel, entitled *Zhongguo heshi neng shuobu* (*China Can Still Say No*) to respond to the many domestic and foreign criticisms made of the previous book (Song et al. 1996b). The books also sparked a 'Say No' fever in the publishing industry in China with a large number of books on the same subject appearing between 1996 and 1997. From various angles, all these books expressed a strong sense of frustration, anger and assertiveness towards the United States.

To a certain extent, the unusual popularity of books such as *China Can Say No* reflected growing public frustration and anger towards the United States. A few national polls conducted in the 1990s gave further evidence of the public mood. For example, a widely cited national opinion poll conducted by the *China Youth Daily* in May 1995 found that 87 per cent of respondents regarded the US as the unfriendliest country to China, and 57.2 per cent regarded it as the most disliked foreign country. The poll was conducted among factory workers, technical professionals, educators, office staff and college students in five Chinese provinces, and received more than 100,000 responses (Zhang 1999, 142; Fewsmith

and Rosen 2001, 161; Fang, Wang and Song 1999, 107–18). Such sentiments were consistent throughout the 1990s. For example, in a 1999 survey conducted among 1,820 urban residents in six Chinese cities, it was found that 76 per cent of respondents saw the US as the greatest threat to China's international status (Tang, W 2001, 902). Another recent poll conducted in Beijing, Shanghai and Tianjin also reported that more than 60 per cent of Chinese people saw the US as the biggest threat to China's development (Tang, H 2001, 9).

If such anti-US feelings in China only manifested themselves in nationalistic publications, it would not be so troubling. However, towards the end of the 1990s, popular nationalism in China began to take the form of street politics; and at least on one occasion, strong popular nationalistic feelings turned into unexpected violent mass action against the US. On May 7 1999, the Chinese embassy in Belgrade was bombed by the United States. The bombing killed three Chinese journalists and injured about 20 other Chinese. The bombing, explained by the US as an accident, immediately sparked nationwide anti-US public outrage in China. In Beijing, hundreds of thousands of angry people—mainly university students—convinced that the US bombing was intentional, protested outside the US embassy for several days, demanding 'blood for blood!' revenge. Some emotional protestors threw bricks at the US embassy building. Similar protests occurred in around 20 Chinese cities. In Chengdu, the capital city of the South-western province of Sichuan, angry protestors set fire to the American Consulate building. Chinese students in the US also launched strong protests (Gries 2001; Miles 2000–01; Zheng 2000). The emotional anti-US protests indeed shocked many people outside China. As Miles (2000–01, 6) noted, the event was 'a defining moment in China's relations with the west, in that it demonstrated clearly to the outside world the violent manner in which nationalist feelings might express itself in China and the fact that, *in extremis*, the government might tolerate such violence to the public to let off steam'.

In April 2001, the outside world witnessed another wave of anti-US public outrage in China over the mid-air collision of a US spy plane and a Chinese jet fighter over the South China Sea. While mass demonstrations were not permitted this time, Chinese people expressed their anger in other ways. In the week after the collisions, an organization called '*Honker* (Red Hacker) Union of China' emerged on the Internet and called for Chinese net-surfers to launch a 'cyber-war' against the US. It also released a so-called 'Manifesto of *Honker*' to declare that its missions included: 'Maintain the reunification of the motherland! Guard the national sovereignty! Outside consistent resistance shame! [sic] Attack anti-Chinese arrogance!' (Harden 2001, 13). Over the next couple of weeks, a few thousand Chinese hackers made massive attacks on the official websites of the US government. The homepage of the White House's website was defaced and replaced by the photograph of the Chinese pilot who lost his life during the collision. The angry public responses displayed in this incident as well as in the embassy bombing in 1999 not only demonstrated the intensity of nationalistic

sentiments among the Chinese public, but also signified a trend that such sentiments have increasingly manifested themselves in the form of violent mass action.

Taking the development of popular nationalism in China as a whole, a clear change in the focus of popular nationalistic sentiments is discernible. Popular nationalism in the early 1990s represented a rational, albeit controversial, subject of academic discourse focused upon China's internal crisis. Since the mid-1990s, and especially after the 1999 embassy bombing, however, nationalism became a rallying point among a much broader cross-section of the population who were increasingly concerned with China's external relations, in particular with the United States. This enlargement of the 'nationalistic community' in China, and the unpredictable and often radical ways in which it manifested itself, brought great uncertainty into China's relationship with the outside world. Ironically, fearful of the disruptive effect of strong populist anti-US sentiment in the late 1990s, some prominent advocates of nationalism began to voice a more considered view. For example, since 1999 Xiao Gongqin, one of the best-known advocates of nationalism in the early 1990s in China, increasingly criticized what he perceived as the radicalization (*jijin hua*) of the new Chinese nationalism after the 1999 embassy bombing. He warned that if not checked, such nationalistic radicalism and extremism could lead China to retreat into a new 'self-imposed isolation', ruining the achievements of the post-Mao reform (Xiao 2001; Xiao 1999).

The causes of rising popular nationalism in China

Why did the Chinese public become increasingly nationalistic in the 1990s? Why has anti-US sentiment risen significantly? A conventional explanation is that the current nationalistic sentiments in China have been purposely stirred up and 'orchestrated' by the Chinese state to bolster its legitimacy for holding onto power. To be sure, nationalism has always been an important means for the Chinese Communist Party to enlist mass support ever since it came into being. After the Party came to power in 1949, it promoted patriotism, officially defined as love of the socialist country led by the CCP, which required the Chinese to be loyal to the Chinese state. This was more so during the post-Cold War era when the dissolution of the Soviet Union and collapse of other communist regimes in Eastern Europe dealt a major ideological blow to the Chinese regime. In response to the crisis of legitimacy brought about by the demise of official communist ideology, nationalist appeals have been further exploited by the Party to legitimize its continuing monopoly of power. Since the early 1990s, the Chinese government has carried out an extensive campaign of patriotic education, in particular among the country's youth (Zhao 1998).

While these efforts have undoubtedly been conducive to the growth of nationalism in China, the rising anti-US nationalistic sentiments in the 1990s cannot be attributed solely to such state-led propaganda drives. Some external factors were also responsible. In particular, three important developments in

China's external environment in the 1990s led many Chinese, including leading intellectuals, to become more nationalistic and conservative in their views of the future of China and its relationship with the outside world. The first was the dissolution of the Soviet Union and regime changes in Eastern Europe in the early 1990s. The second was the rise of the 'China threat' theory in the west in the mid-1990s. The third was the ever-fluctuating Sino-US relations over the last decade.

Many scholars noted the unexpected impact of the end of the Cold War upon Chinese perceptions of the west (Barmé 1996; Zhao 1997; Chen 1997; Zheng 1999). While regime changes in the Soviet Union and Eastern Europe led to the bankruptcy of communist ideology, it did not spark greater interest in western-style democracy in Chinese society. Rather, a broad disillusionment with the west quickly emerged in the early 1990s. Shortly after the end of the Cold War, many Chinese intellectuals discovered that radical democratization and economic privatization in these countries did not lead to cheerful economic and political outcomes. Instead, post-communist countries were struggling with considerable social dislocation, political instability, ethnic wars and economic stagnation. The dismal outcomes of 'big bang' reform in these countries led them to suspect the validity of western-style democracy as a realistic solution for China, at least in the short term.

Not surprisingly, many intellectuals in the early 1990s became more conservative, nationalistic and supportive of the political status quo in light of their new perceptions about the merits of western-style democracy. For them a strong authoritarian state that could maintain order and stability and national integration was more desirable than a more democratic but less stable political system. Moreover, the economic success of the East Asian countries that share a similar culture with China also attracted a great deal of attention from many Chinese scholars in the early 1990s. Their conclusion was that an authoritarian political structure, an ideology of nationalism and collectivism, and free market economics played indispensable roles in the 'East Asian Miracle' (Xiao 1994b, 31; Yi 1994). The experience of the East Asian countries convinced many Chinese scholars that the west was neither the only, nor a viable, model for China in its pursuit of modernization. They believed that a rational nationalism derived from Chinese traditional values rather than western liberal ideas should be promoted as a new state ideology to enhance regime authority and facilitate economic development.

Yet, despite the fact that such nationalistic and conservative thinking overlapped and significantly supported the official discourse of nationalism, there is a critical difference between the two. One primary feature of China's 'official nationalism', i.e. state-centred patriotism, is its lack of distinction between state and nation, and consequently, between the state's interest and national interest, and loyalty to the regime versus loyalty to the country. Chinese intellectual discourse, however, has had a much more sophisticated understanding of nationalism. One of the first two articles on nationalism published in the nationalistic journal *Zhanyue yu guanli* made an explicit distinction between the state's and the national interest

(Wang 1994). Though the author claimed that national interest was a driving factor in international politics, he warned that the term 'national interest' has often been deliberately conflated with that of the state's interests to serve the regime's purpose (Wang 1994, 11). Indeed throughout the 1990s, the intellectual discourse of nationalism has featured intense debates on the merits, nature and directions of the Chinese nationalism.[3]

The intellectuals' view of the Chinese regime and nationalism was also widely shared by the Chinese general public as indicated by various polls. For example, in a survey conducted by a group of American and Chinese scholars in Beijing in 1995, when asked to choose what was the most important value to them, 56 per cent of the respondents chose national peace and prosperity, with only 5.8 per cent and 6.3 per cent choosing political democracy and individual freedom respectively (Dowd, Carlson and Shen 1999, 371). In another survey conducted in December 1995, 93 per cent of the respondents chose to live in 'an orderly society' rather than 'a freer society which is prone to disruption' (Chen J. et al. 1997, 561). Such a widely shared view on stability and economic growth also made many Chinese people not only become less interested in, but also resentful of, the efforts of the west to push China on issues of political democracy and human rights.

If post-Cold War developments in the former Soviet Union and Eastern Europe led to a widely shared disillusionment with western-style political systems, another external factor, namely the emergence of the 'China threat' argument in the west (and especially the United States) in the early 1990s, was more responsible for the upsurge of anti-US sentiments among the Chinese public. With the end of the Cold War, warnings about the potential threat that an increasingly strong China might pose began to appear in the western media, strategic think-tanks and in the US Congress. Many in the west have worried about the potential destabilizing impact of China's growing economic and military strength upon the security of the Asia-Pacific region and advocated a policy of containment toward China. While many of these concerns were not groundless, some were characterized by exaggeration and misperceptions. Moreover, many of the 'containing-China' arguments were based on realpolitik thinking such as great power rivalry or 'the clash of civilizations'.[4] This caused many Chinese to believe that the US perceived China as an enemy in the post-Cold War era, and was determined to prevent China from emerging as a great power. Consequently, many Chinese tended to see that the rhetoric or perceived actions about containing China were not so much 'anti-communism' or 'anti-Chinese government', but in essence, anti-China and anti-Chinese people (Song et al. 1996b, 45).

The third factor contributing to the growing anti-US sentiments was the vicissitudinous Sino-US relations in the 1990s. US policy toward China changed sharply after the Chinese government's crackdown of the 1989 democratic movement, when the United States became increasingly critical of the Chinese government. When Bill Clinton won the US presidential election in 1992, promoting more democratic and humane governance around the world became one

of the central goals of US foreign policy. This unfortunately came at a time when public interest in such issues were at an all-time low in China, in light of the social chaos and instability in the former communist countries. In 1993, President Clinton decided to make the improvement of China's human rights record a condition for the renewal of China's Most Favourite Nation Status (MFN). However many Chinese saw the policy as little more than an excuse for promoting America's own economic interests. It incurred strong public resentment among the Chinese. As one prominent American China watcher commented succinctly on the consequence of post-1989 US sanctions upon China: 'Americans thought they were striking a blow for the Chinese people against a repressive elite, whereas Chinese (intellectuals and the working class alike, not to mention leaders) quickly concluded that the US sanctions simply were one more attempt to slow China's economic development—another try at keeping China down' (Lampton 2001, 254).

Several events in the 1990s reinforced growing negative public opinion towards the United States. When the Chinese public found out that the US opposed Beijing's bid to host the 2000 Olympic Games, imposed unreasonably high conditions in relation to its entry into the World Trade Organization, and tactically supported independence forces in Taiwan, they believed that America was bent on practicing a policy of containment. In particular, in 1995 the United States issued a visa to allow Taiwan's President Lee Teng-hui to visit his alma mater, Cornell University. This sparked a strong response from the Chinese government, which launched a series of provocative missile exercises in the Taiwan Strait between September 1995 and March 1996. When the United States responded by sending two aircraft carrier battle groups to the Taiwan Strait in March 1996 to show its willingness to defend Taiwan, anti-US nationalistic sentiments in China escalated to new heights. While the Sino-US relationship improved significantly during the period 1997–98 when the two countries expressed their intentions to build 'a constructive, strategic partnership', the American bombing of the Chinese embassy in Belgrade on 7 May 1999 led to an explosive outburst of nationalistic anger against the US. Few Chinese people accepted the US explanation of the bombing as an 'accident'; rather they saw it as deliberately bullying the Chinese people.

For many Chinese, the perception that the United States sought to prevent the rise of China was reinforced in the unfriendly, if not hostile, rhetoric and actions of the new Bush administration, which came into office in January 2001. During the presidential election campaign in 2000, George W. Bush downgraded the Sino-US relationship from 'strategic partner' to 'strategic competitor'. In its first few months in office, the Bush administration initiated a series of provocative actions, including efforts to strengthen its alliances with Japan, South Korea and Australia; planning a package of arms sales to Taiwan; sponsoring a resolution in the March 2001 UNCHR meeting in Geneva condemning China's human rights record; and confirming the development of national and theatre missile defence systems, with the latter being possibly made available to Taiwan in future. All these policies

reinforced perceptions among the Chinese public that America was treating China
as a potential rival in the 21st century. In this context, it came as no surprise that
the public reacted angrily to the spy-plane collision. Indeed, what particularly
angered many Chinese was not the collision itself, but the realization that US spy
planes routinely flew along China's coastline: a fact which only further convinced
them of the hostility of US intentions toward China.

Given these circumstances, the perception that the rising nationalism in China
is purely a product of government propaganda misses the important impact of
external actions and factors. But while rising nationalism among Chinese
intellectuals was driven by a number of dramatic changes in China's external
environments, an essential feature of popular nationalism is that it is largely a
reaction against US policies on particular issues, not an opposition to the United
States as such. The angry responses of the Chinese public to perceived 'containing-
China' actions is ironically deeply rooted in their strong desire to be integrated into
the international community, reflected in the 'love–hate' feelings held by many
Chinese towards the United States. One journalist reported recently that while
many Chinese students (seen as the most nationalistic group in China) are resentful
of the perceived or real US hegemonic behaviour toward China, they had a high
opinion of the US political system (Pomfret 2001). In the above-mentioned 1999
survey in urban China, although the United States was ranked as the most
unfriendly country among 11 foreign countries, the majority of respondents still
regarded United States as having the best economic and second best (after China)
political models respectively for China (Tang W 2001, 900). Indeed, whenever the
Sino-US relationship improved, there were widespread good feelings towards the
US in China and nationalistic sentiments generally subsided (Metzger and Myers
1998, 34–35; Fewsmith and Rosen 2001, 171; Zheng 2000, 100).

Nationalism, public opinion and Chinese foreign policy

How has the recent rise of the nationalistic sentiments of the Chinese public
impacted upon China's foreign policy? What has been the attitude of the Chinese
government to the rise of popular nationalism? A widely accepted view is that
because the Chinese government so desperately relies on nationalism to stay in
power, it would be unwilling—and more importantly unable—to resist popular
nationalistic pressures in handling international affairs. Conversely, such a view
suggests an increasingly confrontational Chinese foreign policy.

Such a view, however, overestimates the extent of the Party's reliance on
nationalistic appeals for holding onto power, and therefore the impact of popular
nationalistic feelings upon foreign policy-making in China. More specifically, it
overlooks some other more important sources of legitimacy for the Chinese
government, in particular the government's performance in delivering economic
growth and maintaining political stability. Actually, since the early 1990s
economic development with stability has become the central tenet of the
government's legitimation efforts (Yang 1994, Downs and Philips 1998–99).

Given the fact that there is a widely shared fear among Chinese people of any potential domestic chaos in the aftermath of the regime changes in the former Soviet Union and Eastern Europe, the performance of the government in these two areas has been crucial for the government to justify its continued rule (Chen, Yang and Hillard 1997). Thus, the Chinese leadership's willingness to appeal to popular nationalistic sentiments remains subordinate to its overriding goal of promoting economic development and maintaining political stability (Downs and Philips 1998–99; Zhao 2000; Zheng 2000).

Accordingly, the primary principle of Chinese foreign policy has been to maintain, as much as possible, a peaceful and cooperative international environment that is conducive to China's economic modernization and political integrity (Sutter 2000, 2; Wang 1994, 29). In particular, the Chinese leadership has given top priority to developing cooperative relationships with foreign countries, especially the United States whose technologies, capital, market and global influence are all critically important to China's economic development in the era of globalization. There is general consensus among Chinese leaders that only by effective participation in the international economic system can China become a strong and wealthy country (Zheng 1999). Therefore, nationalistic appeals, though important, have to be exercized without damaging the overriding goal of economic development and stability that are critically important for the regime's very survival.

This pragmatic approach has been most apparent in China's handling of its relations with the United States. Despite the turbulent ups and downs of the Sino-US relationship over the last decades, the Chinese leadership has in general sought to maintain a conciliatory approach. This was summarized in 1993 by Jiang Zemin as 'enhancing confidence, reducing troubles, expanding cooperation, and avoiding confrontation' (Zhao 2000, 31). No matter whether such a policy reflected a temporary tactic because China felt that it was too weak to afford to confront the United States, or a long-term strategy because of its genuine desire to integrate into the international community, the Chinese leadership proved to be willing to incur damage to its nationalistic credentials by adopting conciliatory policies towards the United States. For example, during 1992–94 a series of provocative American actions generated strong public anger within China. Despite being criticized for adopting a policy of 'tolerance, forbearance and compromise' toward Washington, pragmatic leaders such as Deng Xiaoping and Jiang Zemin insisted on maintaining a 'not seeking confrontation' approach to the United States (Whiting 1994, 307–16). Some observers found that even in the wake of the 1999 embassy bombing, the Chinese government remained arguably restrained in its response to the emotional anti-US sentiments that cut across almost all sections of Chinese society. While the government approved of and even supported the emotional mass demonstrations outside US diplomatic missions, it made strong efforts to prevent such nationalistic emotions from diverting the government's domestic and foreign policy goals (Miles 2000–01; Zheng 2000).

Such pragmatism was also apparent in Beijing's handling of the 2001 spy-plane incident. Commentary in the western media tended to see the invisible hand of the Chinese government behind public expressions of anti-US anger during the crisis. The argument was that the government wanted to use the incident to divert people's attention from the daunting domestic problems faced by the country, and partly to enhance the regime's nationalist credentials (Leggett 2001; Stratfor 2001). A closer examination of a few actions of the Chinese government at the time indicates that this argument is, at best, partial and, at worst, misleading.

First, the Chinese government's actions in the days following the collision clearly indicated that it intended, at least initially, to downplay the incident rather than to manipulate it into an anti-US campaign. The incident occurred at around 9:15am on 1 April 2001. Initially, the Chinese government did not make it public, partly because it was worried about the likely angry public response in light of the May 1999 embassy bombing incident. However, when the incident was publicized first by the US Pacific Command in a press release around 3:00pm in the afternoon, news and speculation spread quickly over Chinese websites and chat rooms. In response to many inquiries from the public and media, the Chinese Ministry of Foreign Affairs made a brief statement on China Central TV's (CCTV) 10.00pm news program. Though the statement blamed the misbehaviour of the US pilot for causing the incident, the overall wording was quite mild and descriptive. It did not make any accusation about the intentions of US behaviour in this incident. Indeed it was reported that Beijing was annoyed that the US made the incident public before contacting the Chinese authorities. Moreover, despite strong public anger and thousands of anti-US messages posted on the station's website after 1 April 2000, CCTV only began to report the angry public responses on 4 April. The government also reportedly instructed all universities not to allow any anti-US demonstrations. A request authorizing a demonstration made by university students in Hainan, where the US plane had landed and the crew were held, was declined. On 5 April two students intending to protest in front of the US Embassy in Beijing were quickly asked to leave.

Second, while anti-US rhetoric in the official media became increasingly strong in the days after 4 April, largely driven by a much stronger public mood, the government made clear efforts to try to dampen the anti-US sentiments as quickly as possible. For instance, on 10 April, one day before releasing the US crew—amid widespread public anger and demands for tough action, such as charging the US crew with murder—the government reportedly briefed all officials at bureau level and above to explain the deliberations of the central leadership in handling the matter. On April 12 China's leading official newspaper, *Renmin ribao* (*People's Daily*), published an editorial that called for the general public to turn their attention to economic development and to entrust the current leadership headed by Jiang Zemin with handling the spy-plane incident. The editorial was clearly intended to restrain the emotional anti-US public sentiment (*People's Daily* 2001). Highlighting the importance of the Sino-US relationship, the article stressed the

need to maintain and strengthen it. The article also specifically mentioned that the majority of the American people were truly friendly toward China. Moreover, from 11 April, the media were reportedly instructed not to run excessive anti-American articles.

Subsequent developments in the following months gave further evidence of the conciliatory approach of China toward the US. Shortly after the spy-plane incident, the Bush administration made a series of provocative moves to challenge China: on 24 April it announced the United States' biggest arms sale (US$4 billion) to Taiwan since 1992; on 25 April President Bush made a unprecedented statement during a television interview that the United States 'will do whatever it takes' to defend Taiwan from potential attack from mainland China; on 7 May the US resumed intelligence-gathering surveillance flights along the Chinese coast; and on 21 May it approved a high profile 'stopover' visit to New York by Taiwan's President Chen Shui-bian. It also pushed ahead with developing a missile defence system that potentially includes Taiwan. Despite the high sensitivity of these issues to China's national interests and nationalistic feelings, even a long-time critic of the Chinese government acknowledged that the responses of the Chinese government were relatively mild (Lam 2001).

However, it should be noted that, while thus far Beijing has displayed considerable willingness and capacity to restrain the impact of popular nationalistic feelings upon its foreign policy, how long it can and will be willing to do so is uncertain. This is firstly because the economic and political changes over the past two decades have given rise to greater pluralism in Chinese society. The commercialization of the publishing industry, relative loosening of state control of the media, and increasing Internet use all make it easier than ever before for the public to express its opinions. Indeed, a few recent studies found that anti-foreign nationalistic sentiments were particularly high among Chinese Internet users (Strategic Comment 2001; Hughes 1998). This has placed increasing pressures upon the government's policy-making. The government clearly understands that when nationalistic public opinion is not satisfactorily attended to, it can easily be turned into anti-government sentiments, as happened many times in China's recent history. Conversely, the Chinese government has had to be increasingly responsive to the public sentiments of Chinese citizens.

There are already signs that significant consideration has been given to public opinion by the Chinese government. For example, during the spy-plane incident, while the government released the US crew shortly afterward, it refused America's proposal that American staff fly the damaged spy plane back after repairing it, and insisted the plane be disassembled and carried away by cargo plane. The Chinese deputy-foreign minister, Li Zhaoxing explained 'if we allow such a military plane, which had a mission of spying on China, to be flown back from a Chinese military airfield, that would further hurt the dignity and sentiments of the Chinese people.' It would be 'the cause of strong indignation and opposition from the Chinese people' (Yang 2001, 7).

The intensity of popular nationalistic feeling and its manifestations has been contingent upon the nature and intensity of foreign pressures, rather than on the intentions of the Chinese government. In some crises such as the embassy bombing and the spy-plane incident, the sudden, emotional and somewhat violent public expressions of anger have compelled China's leaders to echo these reactions, even if this risked serious damage to their foreign policy goals. Therefore, the Chinese government will find it particularly difficult to follow its conciliatory policy when it faces strong foreign challenges from the outside and strong public reaction from within. Given these facts, the future of the impact of popular nationalism upon Chinese foreign policy is uncertain and is dependent upon changes both inside and outside China.

Conclusion

The assumption that growing Chinese nationalism is a product of the Chinese government's propaganda misreads the nature of the public nationalistic feelings in the 1990s. External factors also matter significantly. To a large extent, the recent episodes of rising public anger toward the United States in China is a response to the containment of China, rather than thoughtless public acceptance of official rhetoric. Many Chinese people have changed their opinions toward the United States in the 1990s because they started to believe that it has been determined to block China's modernization drive. Whether such public perceptions are ill-founded or not, anti-US sentiments in China are popular and sometimes very strong.

It is also wrong to assume that because nationalism is important for the post-Mao Chinese regime as a justification for its monopoly on power, the Chinese government will be willing to take a more assertive, and even aggressive, international stance to enhance its domestic nationalistic credentials. Thus far, the current Chinese regime has actually generated public support not just from its nationalistic rhetoric, but more from its success in developing China's economy and maintaining political stability. Whereas nationalistic feelings have been rising, pragmatic Chinese leaders have continued to give top priority to promoting economic development and have tried not to allow emotional public anger or foreign pressure to disrupt its economic modernization program. Consequently, conciliation and responsiveness rather than confrontation and rigidity have characterized China's foreign policy, especially in its relations with the United States since the early 1990s.

However, how Chinese nationalism will evolve as well as its impact upon Chinese foreign policy is largely uncertain, and dependent upon both China's domestic politics as well as foreign policies toward China (Zheng 2000). The rising nationalism and public sentiments against the United States indicate that criticism and interventionist policy has been counterproductive in that it has generated strong angry reactions rather than support from the Chinese public. An effective China policy can only be formulated upon a thorough understanding of the real

needs and interests of the Chinese people, not on assumptions made by the United States. The commonly held assumption that the current Chinese state is a dictatorial regime that suppresses 'the Chinese people's yearning for freedom and democracy' (Kaiser and Mufsen 2001, cited from Gries 2001, 42) fails to capture the complicated reality of contemporary Chinese society. Policies based on such an assumption are likely to be ineffective and futile. This is not to say that human rights and democracy should not be promoted in China; these should always play an important part in western countries' policies toward China. However, a policy solely focused on these issues without genuine consideration of other, equally basic, needs of the Chinese will be at best inadequate and at worst counterproductive. Ironically, it seems that the Chinese government, often charged with being unpopular, repressive and illegitimate, has exhibited a much better understanding of the current needs and interests of its people and responded more effectively to domestic sentiment than its foreign critics.

Notes

[1] On the rise of Chinese nationalism in the 1990s, see Unger (1996), Zhao (1997, 2000) and Zheng (1999). For two more recent studies on the current anti-US nationalistic sentiments in China, see Gries (2001) and Miles (2000–01).

[2] The most explicit call for an 'all-out westernisation' in China was expressed in Su et al. (1988).

[3] Most of the articles debating nationalism published in the 1990s was later collected in an edited book, see Li (2000). The author wishes to thank Dr. Feng Chongyi for providing the book.

[4] For a summary of the China threat arguments in the first half of 1990s, see Roy (1996), Shambaugh (1996), and Betts and Christensen (2000–01).

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10

Japan's missile defence dilemma

Aaron Matthews

As the key ally of the United States in Northeast Asia and being in close proximity to North Korea (part of the 'axis of evil'), Japan is now centre-stage in the current debate over missile defence. The Japanese government's approach towards development of, and any future participation in, missile defence not only has significant repercussions for its regional security role, but may also provide an important indicator of its approach and commitment to its bilateral ties with the United States and China.

This chapter seeks to develop a framework for understanding Japan's approach towards missile defence. The key argument is that the formation of Japan's policy towards missile defence has been guided by three principal strategic considerations: the wish to strengthen the US-Japan alliance; the importance of a stable relationship with China; and maintenance of domestic political support for the government's policy towards missile defence. The first section will discuss how these factors have guided Japan's participation in the development of a theatre missile defence (TMD) capability. The latter part of the chapter will use the framework to examine the challenge Japan faces in responding to the possible deployment of a strategic missile defence or National Missile Defence (NMD) system by the United States and, in particular, the missile defence proposal put forward in May 2001 by President George W. Bush.

The rise in the missile threat to Japan has been the primary cause of the government's examination of missile defence. Over the last decade, Japan's defence planners have been confronted with the proliferation of ballistic missile capabilities in Northeast Asia. In particular, North Korea has developed a medium and intermediate range ballistic missile capability that threatens all of Japan (Bermudez 2001). In 1993 North Korea test fired several No-Dong missiles, demonstrating a capability to strike most of Japan. The Taepo-dong missile launch over Japan in 1998 provided a more dramatic demonstration of the progress of

North Korea's missile program. The significance of the threat has been heightened by not only the extensive biological and chemical weapons that the regime is reported to possess but also by the possibility that it has a rudimentary nuclear weapon capability (Stimson Center 2000, 63–4). Given the regime's uncertain future and hostile attitude towards Japan, this threat has made North Korea the most immediate concern for Japan's defence planners. But although not openly acknowledged, the missile threat from China dominates long-term thinking in Japan. Beijing's use of missile exercises to intimidate Taiwan in 1996 heightened attention in Tokyo to the missile capabilities of China (Funabashi 2000, 136). The Japanese government become more concerned that conflict in the Taiwan Straits could lead to the threat or use of missile strikes against Japan, particularly the US bases there.

Japan has conducted a number of studies (both independently and with the United States) on its missile defence options to counter the threat from ballistic missiles (Swaine et al. 2001, 29–33). The government has examined acquiring both upper tier (wide area defence) and lower tier (point defence) TMD systems (Stimson Center 2000, 62–63). Defence officials are looking at upgrading Japan's Patriots to the PAC-3 hit-to-kill capability in order to provide a limited point defence against missile attack. In August 1999 Japan and the United States signed an MOU on collaborative research of four components for the Block II interceptor of the upper tier Navy Theatre Wide (NTW) missile defence system. This is to be deployed on Aegis equipped warships such as Japan's Kongo class destroyers. The Japanese government initially planned to spend roughly 20–30 billion yen (US$200–300 million) over a five to six year period for that research (Swaine et al. 2001, 35). Japan's Defense Agency appropriated 2 billion yen (US$20 million) and 3.7 billion yen (US$37 million) for the research in the 2000 and 2001 financial years respectively (Japan Defense Agency 2001). Japan's examination of missile defence options appears to suggest that the acquisition of such a capability is almost certain. Any uncertainty surrounding Japan's commitment to missile defence is not related to the decision to acquire a capability but rather to the timeframe and strategic framework within which this decision will take place.

The Japanese government, however, has been hesitant to commit to the deployment of missile defence systems and has taken an incremental approach to involvement in the development of missile defences. The government has at this stage only committed to the initial research phase of the NTW joint development project. Officials have constantly stated that there is no commitment to participation in the development or acquisition of the system. A decision on whether to proceed to the next stage is not expected to be made until 2003 at the earliest. This discrepancy between the missile threat to Japan and the cautious approach to involvement in missile defence provides an insight into the strategic dilemma confronting Japan. Given a relatively unchanged level of threat, I argue that Japan's policy towards missile defence has been driven by management of the

tension between three principal strategic considerations: China's sensitivities; the US-Japan alliance needs; and domestic attitudes.

The China factor

In examining missile defence, Japan faces a security dilemma in its relationship with China: moves to counter the missile threat may trigger deterioration in the Sino-Japanese relationship that would ultimately harm Japan's security. The Chinese government has long viewed any expansion of Japan's security role in the region with unease and has heavily criticized increases in Japan's military capabilities or strengthening of the alliance with the United States. The Chinese government therefore views Japan's involvement in the development of a missile defence capability as potentially undermining its own security (Urayama 2000). *China's National Defence in 2000 White Paper* stated that the joint development of missile defences would 'enhance the overall offensive and defensive capability of the US-Japan military alliance' and 'far exceed the defensive needs of Japan' (Information Office of State Council 2000). The Chinese government views Japan's possible involvement in missile defence as weakening the effectiveness of its own missile force as a deterrent. A principal concern is that missile defences deployed by Japan could be involved in any conflict over Taiwan, protecting US bases in Japan or even defending Taiwan directly from missile attack.

Japanese government decision makers have continually debated the import of China's opposition to missile defence and possible ways to lessen its concerns. The maintenance of constructive relations with Beijing remains a vital goal for Japan for both economic and security reasons. Some sections of Japan's political elite emphasize the need to restrain Japan's security role in order to avoid undermining relations with China. But over the last decade attitudes towards the Chinese government have hardened in response to its military modernization program and what is perceived as opposition to Japan playing a greater role in the region. Japan's policy of moderating China's regional behaviour through economic integration is now being balanced by greater consideration to bolstering Japan's security against any possible challenge (Green and Self 1996).

The US-Japan alliance

The primary means by which Japan has sought to enhance its security has been a strengthening of the US-Japan security alliance. Since the end of the Cold War, the most notable development in Japan's security policy has been the emphasis on strengthening the alliance as a means to counter the new security challenges facing Japan, and to bolster regional stability. Participation in the development of missile defence must be seen in this context. The US-Japan joint declaration of April 1996 stressed the importance of cooperation in the study of missile defences (Green 1999a, app. 5). Deployment would lessen the risk that the threat of missile attack on Japan would deter either country from responding to a regional crisis. Successful cooperation in the development and deployment of missile defences

would also strengthen the political and military ties between Washington and Tokyo. Many decision makers in the Japanese government now perceive the primary benefit of developing a missile defence capability as reassuring the United States of Japan's commitment to the alliance (Swaine et al. 2001, ch. 3). By signalling a preparedness to undertake its share of the defence burden, the Japanese government hopes to ensure United States support for Japan on security issues.

Using participation in joint development of missile defence as a means of strengthening the alliance is not without risk. Given the asymmetrical nature of the US-Japan security relationship, greater effort to assure the US government of its commitment to the alliance may lead Japan to undertake obligations not necessarily in the national interest. Acquisition of a missile defence capability increases the likelihood of Japan's Self Defence Forces being drawn into a regional conflict in support of US forces. Furthermore, the government is wary of making a significant financial commitment to a program of considerable technical difficulty. Officials have been concerned that the United States is seeking Japan's involvement as a means of subsidizing an expensive and complex project. There is also recognition in the Japanese government that mismanagement of the joint development program could risk undermining the alliance (Swaine et al. 2001, 63). Major cooperative projects always entail the danger of failure to meet expectations and of mutual acrimony: the FS-X/F-2 fighter program provides a recent example (Green 1999b). Japan's approach to the alliance aspect of missile defence is therefore a careful attempt to balance the risks of commitment against the benefits of strengthening the alliance.

Domestic support
The third key consideration for the government has been the maintenance of a broad domestic consensus behind its policy towards missile defence and security matters more generally. The issue is recognized as being potentially divisive. Japan's deeply engrained culture of pacifism has created an aversion to a significant strengthening of military capabilities and of the US-Japan alliance. Public support for the nation's defence posture has increased over the last decade with the end of the ideological differences that existed during the Cold War. But the missile defence issue appears to be pushing the government ahead of the current national consensus. Public opinion on the necessity of missile defence is divided according to differences in the perception of the degree of threat from missile attack facing Japan (Medeiros 2001, 17). Diet members have generally supported the participation in joint research but a number have raised concerns over the cost, effectiveness and regional implications of deployment of any missile defence capability. Although the Japanese Foreign Ministry and Defence Agency have strongly supported participation in missile defence development, some elements within the bureaucracy and defence forces have privately raised concerns over the budgetary implications.

Public focus on the missile defence issue has remained limited, and serious debate on the matter has yet to occur in the Diet. The political significance of the issue will increase however. Any attempt to make progress on missile defence will raise a number of contentious political and constitutional issues. The Constitution's ban on participation in collective self-defence is potentially the most significant. Full integration of any missile defence system with the United States would be a clear involvement in collective self-defence and necessitate an end to the ban. This would trigger a far-reaching debate over Japan's security role. Legislative restrictions on the export of military equipment and on the use of space for military purposes also pose difficulties. Japan's participation in the joint development of the NTW warhead would appear to require exemption from the military export ban. Deployment of a satellite early warning system would appear to require an end to the ban on military use of space. (Japan intends to launch four intelligence satellites in 2003–4. Although these low-orbit reconnaissance satellites may be able to provide strategic warning of missile launch preparations, they will not provide an early warning capability.) None of these issues presents an insurmountable obstacle to the deployment of missile defence systems. But the government may be unwilling to tackle these issues without a public consensus in favour of change.

The government's handling of the political side of missile defence is further complicated by the reliance since 1993 on coalition arrangements to form a majority. A major impact of the new political configuration has been the lessening of the domination of policy making by vested interests associated with the Liberal Democratic Party (LDP) and the bureaucracy to a more transparent system involving greater inter-party and intra-Diet dialogue (George Mulgan 2000, 78). Movement on the missile defence issue will necessitate taking account of the range of opinions that exists amongst the coalition parties on the missile defence issue.

The balancing act

Balancing these three conflicting pressures creates a serious challenge for Japan's policymakers. A trade-off exists between maintenance of the Sino-Japanese relationship and the strengthening of the alliance with the United States. Greater commitment to missile defence development and deployment would give confidence to the US government over the Japanese government's commitment to the alliance but possibly at the expense of Japan's relationship with China; a restrained approach towards missile defence would reassure the Chinese government but could come at the cost of progress on the US alliance. Meanwhile the government's approach to these two relationships is constrained by the need to maintain domestic support for its policy. Too great an emphasis on either cooperation on missile defence with the United States or on accommodating China's concerns may trigger a political backlash.

Over the last decade, the government sought to limit the strategic costs associated with missile defence by taking an incremental approach towards any

involvement in the development and deployment stages. By limiting its level of commitment, the Japanese government deliberately created a degree of ambiguity over its future position, which effectively postponed the strategic costs of participation in missile defence (Hughes 2001). The United States could take assurance that the possibility remained open of greater participation and support on the missile defence issue; China had the prospect of engaging Japan with the aim to lessen the level of participation in US missile defence efforts. Meanwhile, the incremental approach also provided the Japanese government with time to build up domestic support for any future steps on missile defence. In essence, the Japanese government's approach was to postpone the difficult decisions as it attempted to come to grips with the strategic costs involved.

The impact of the three-way balance on Japan's shift to participation in missile defence development

Japan's careful balancing act can be seen in its cautious moves towards participation in missile defence development over the last decade. A lessening in the pressure exerted by the three strategic considerations has paved the way for Japan's involvement in the joint development with the United States of the NTW system. The government's cautious approach has been successful in allowing the exploitation of a decrease in the strategic costs of involvement in development.

United States policy towards Japan's involvement in developing missile defence systems has shifted from one that suggested considerable costs for the Japanese government to one that emphasized the benefits of participation. In the early 1990s, the US government viewed Japan's participation primarily as a means to secure financial and technological contributions as part of the then current emphasis on burden sharing. Japanese officials viewed such an approach as more related to US economic concerns than Japan's security and not surprisingly responded negatively. In 1994 US strategy shifted to a more constructive approach as part of the broader move to strengthen the US-Japan alliance (Green 1999a, 172). Japan's possible involvement in the development of TMD systems was recast as both an alliance building measure and as a means to strengthen Japan's defences. As a result, Japanese officials became more supportive of participation in joint missile development.

During the mid-1990s, the Chinese government's position induced a degree of caution in Japan's approach to participation in missile defence. However, criticism of Japan's participation in the development of the NTW system after 1998 appears to have been counterproductive. It has not swayed the government from its present course and instead highlighted the possibility that China's missile force targets Japan and reinforced the commitment of many to missile defence. Since 2000, China has adopted a more neutral position on Japan's acquisition of a missile defence capability. This shift in position was notable during Premier Zhu Rongji's visits to Washington D.C. and Tokyo in October 2000. Partly this shift reflects recognition of the counterproductive nature and the negative impact of earlier

criticism. But it is also due to the Chinese government's far greater security concerns over the possibility of ballistic missile defences being deployed in Taiwan or the development of an NMD system for the United States. Japanese officials appear increasingly confident that the influence of China's opposition to the development and deployment of missile defences has been marginalized (Medeiros 2001, 19–20).

By early 1998 the Japanese government appeared to be committed to moving ahead with joint research but its approach was constrained by the limited domestic political support for involvement in missile defence (Medeiros 2001, 17). That changed virtually overnight with North Korea's launch of the Taepo-dong missile over Japan in August. While the earlier deployment of the No-dong missile meant that the Taepo-dong missile did not significantly alter the missile threat to Japan, heightened public concern over the threat created considerable pressure for a response. The subsequent decision to participate in joint research with the United States not only provided the government with a quick response to the public outcry but also encountered far less opposition than would have otherwise been the case. The government has since carefully evaded a test of its public support for the development or deployment of a missile defence capability. Questions within the Diet over the implications of proceeding to development and deployment of missile defences have been avoided on the ground that these issues cannot be addressed without a final decision on the type of system that may be deployed (Swaine et al. 2001, 63).

The challenge ahead: confronting the strategic costs of deployment

The Japanese government's incremental approach to missile defence development cannot delay progression on the issue indefinitely. Japan will be forced to confront the strategic costs associated with involvement in missile defence when the time comes to decide whether to proceed beyond the research stage to the development and deployment of missile defence systems. After a decade of economic stagnation, the economic cost of developing and deploying a missile defence capability could be a key consideration in determining the level of domestic support for the program (National Bureau of Asian Research 2001, 16). The capabilities of the system will also have a direct impact on China's reaction to the deployment of missile defences. The greater the potential neutralizing effect on the deterrent capabilities of China's missile force, the more strategic significance the missile defence system will have for the Chinese government.

Japan's preference for the NTW system as the upper tier missile defence option already influences the balance between the strategic costs of deployment. The NTW system offers considerable cost advantages over the alternative land based Theatre High-Altitude Air Defence (THAAD) system: the ability of Japanese firms to participate in development of the system and Japan's current possession of platforms for the system were key considerations (Medeiros 2001, 17). Another

major point in NTW's favour is the ability to deploy off the coast of North Korea and thereby provide a more effective coverage against missile attack. But the mobility of the system is significant for the Chinese government. The possibility that the system could be deployed in the defence of Taiwan potentially weakens the deterrent value of China's missile forces against Taipei.

A critical determinant of the strategic costs involved in deployment will be the level of autonomy of Japan's missile defence capability. The Japanese government faces a critical decision over the degree to which its system is integrated with US command, control and intelligence systems. Japan lacks many of the necessary support systems for an independent missile defence capability. The greater the autonomy from US systems, the more costly and less effective Japan's missile defence will be. Integration of Japan's missile defences with the US forces in the region will mark a significant strengthening of the security alliance but reduces its autonomy in the security field. Such a step would require the government to confront the difficult political question of the self-imposed ban on collective self-defence. It would also be viewed adversely by China as a significant strengthening of the US-Japan alliance. However, Japan has a number of possible command and control arrangements that it could implement with the United States (Matsumura 2000). The government therefore has a significant degree of flexibility in managing the strategic costs associated with deployment of a missile defence system.

The Bush administration's missile defence proposal

Japan's careful balancing of the strategic costs associated with involvement in missile defence is now challenged by the United States' moves to develop a strategic missile defence system. The announcement by President Bush on 1 May 2001 that his administration was determined to press ahead with the near term deployment of a comprehensive missile defence system signalled a significant departure from the more cautious approach of the Clinton administration and alters the strategic circumstances determining Japan's approach to missile defence.

Japan's situation may be complicated by intensification of the dilemma involved in strengthening the US alliance while maintaining a stable relationship with China. On one hand, the Bush administration's proposal may strengthen the credibility of the US policy of extended deterrence: deployment of a missile defence for the US homeland would lessen the risk that the US government would be deterred from responding to a security crisis in the Northeast Asian region by the threat of missile attack (Funabashi 2000). Furthermore, the Bush administration's greater commitment of resources to missile defence may enhance the development of the capabilities of systems applicable to Japan's defence from missile attack.

On the other hand, these benefits will inevitably come at the expense of deterioration in the Sino-US strategic relationship. China views any US commitment to developing strategic missile defences with a degree of alarm (McDevitt 2000). Development of even a limited strategic defensive capability

could negate the deterrence value of China's small ICBM force. Strong suspicion appears to exist within Beijing that the deployment of a strategic missile defence system is aimed primarily at countering China's missile force. An increase in the tension within the Sino-US relationship would inevitably spill over into Japan's relationship with China. In particular, the Chinese government would become more sensitive to any further steps aimed at strengthening the US-Japan alliance.

A downturn in strategic stability may also lead to an increase in the missile threat to Japan. Prime Minister Koizumi has stated in the Diet that the possibility of an arms race resulting from the US missile defence proposal could not be ruled out (*Japan Times* 14 June 2001). Defence analysts have noted the strong likelihood that China will accelerate the modernization program of its missile force in response to the possible deployment of strategic missile defences. An expansion of China's ICBM forces would be deployed to strike the United States and would not appear to signify an increase in threat to Japan (Medeiros 2001, 21). But the Chinese government may view the deployment of additional medium range missiles capable of striking Japan as a useful means of maintaining its deterrent capability. China may also devote more attention to the development of countermeasures to missile defences, which would weaken the effectiveness of Japan's missile defence system.

The Bush administration's determination to revise or abandon the Anti-Ballistic Missile (ABM) treaty caused considerable consternation in the Japanese government that such a move would impact on the domestic debate over missile defence. Public support for arms control remains strong in Japan and has led to an active role in the promotion of international arms control. The government was unwilling to be seen overtly supporting a move that may be portrayed as undermining the international arms control regime. But the subsequent withdrawal from the ABM Treaty occurred with little reaction and instead appears to clear the way for development of the missile defence program with far less controversy. Ironically, a move that was once viewed with concern is now seen as the overcoming of a significant barrier in the development of a comprehensive missile defence program.

Implications for Japan's missile defence capability

The Bush administration's missile defence proposal also raises questions over a possible change in the role played by any missile defence capability acquired by Japan. The Bush proposal blurs the distinction between theatre and national missile defence capabilities by advocating integration of both into a multi-layered defence system to develop a more comprehensive and efficient counter to missile attacks. Greater emphasis has been placed on the importance of participation in the US defence system of allied capabilities, such as any defence system deployed by Japan. Although the multi-layered defence system has clear military advantages (Gompert 1999), it poses a series of difficult questions for Japan.

Participation could raise the possibility of Japan's missile defence capability playing a strategic role in assisting the defence of continental United States. Japanese officials had argued previously that a clear separation existed between the capabilities of TMD systems and those developed under the national missile defence program. But the multi-layered system proposal highlights the weakening of the distinction between regional and strategic missile defence systems that has taken place as the capabilities of the TMD systems increase. The future capabilities of the NTW system likely to be deployed by Japan remain uncertain, however, it may have the ability to intercept ICBMs. The NTW system has been examined as playing a role in the defence of the United States from missile attack (Spencer and Dougherty 2000). That would only heighten Beijing's concern over the significance of Japan's missile defence capability. Nonetheless the NTW system suffers a number of operational and technical limits in the strategic role (Pena and Corry 1999). Deployment of any NTW system in the vicinity of the Japanese home islands appears to limit its effectiveness against missiles launched at the United States. Until Japan looks to acquire alternative missile defence systems, such as boost-phase intercept, its possible role in assisting the defence of continental United States will be limited. Japan's participation in a multi-layered defence system would have far more significance for the strengthening of US missile defences in the Northeast Asian region. Integration would enhance the effectiveness of missile defence in the region by avoiding duplication of effort. It would also open the way for Japan's systems to play a role in the protection of US forces throughout the region.

For that reason alone, the Japanese government will face intensified pressure from both the United States and China over its participation in the proposed US global missile defence system. The US government is likely to push for the integration of Japan's missile defence capabilities as an important step by which the Japanese government could play a greater role in assisting the US presence in the region. Meanwhile the Chinese government will become increasingly sensitive about the possible role of Japan's missile defence capabilities. Integration of Japan's systems would not only signal a marked strengthening of the US-Japan alliance but also further weaken the effectiveness of China's strategic missile forces. It may also increase the prospect that Japan's missile defence capabilities could be utilized in any contingency involving US forces and Taiwan. The Chinese government would clearly view such a step as destabilizing.

Japan's response

Not surprisingly, the potentially significant repercussions of possible deployment of strategic defences by the United States has led to a cautious response from the Japanese government. The Japanese government had remained silent on the earlier NMD proposal of the Clinton administration until August 2000 (National Bureau of Asian Research 2000, 17). The Mori government of the time then expressed its 'understanding' of the US concern over the ballistic missile threat and the reasons

for examining NMD. Japan's position was one of tacit but not overt support. This official line remained unchanged despite the more ambitious Bush proposal and the establishment of the Koizumi administration. Public statements on the issue have continually repeated the government's 'understanding' of the reasons for the US proposal to the point where it has taken the form of a mantra. Overt support for the position of the Bush administration would carry considerable domestic and regional costs for little gain. But the Japanese government's own interest in missile defence and commitment to the alliance prevents any outright criticism of the proposal, despite the possible strategic costs it may entail for Japan. The government's response has been to attempt to lessen the possible adverse strategic implications of the missile defence proposal by consistently encouraging the United States to engage Russia and China over the issue.

The key challenge of the Bush proposal for the government will be to determine the future relationship between its missile defence forces and those of the United States. The prospect of any future missile defence capability becoming integrated with the US global missile defence system would have implications for the relationship with China. It would also place the Japanese government under pressure to tackle difficult domestic issues that it would rather postpone. Not only would it require an end to the ban on participation in collective self-defence but would also tie Japan's forces far closer to the United States than has been previously mooted. The Koizumi administration has signalled that it is not willing to move ahead on these issues at the present time. In June 2001 the Japan Defence Agency Director General Nakatani stated in Washington that any missile defence capability deployed would not be integrated with the US missile defence system (*Japan Times* 24 June 2001). Instead it would operate independently and only participate in the defence of Japanese territory. He did state, however, that US bases in Japan would be covered by the system. The US government appears to have accepted the limitations on the Japanese government's policy at present. The long lead-time in the development of missile defence systems allows Japan to hold this position for now with little repercussions. But statements by the US ambassador to Japan, Howard Baker, emphasized that the United States has an ongoing interest in Japan eventually tackling the general issue of collective self-defence to clear the way for participation in a joint missile defence system (*Washington Post* 18 July 2001). Failure by Japan to do so may lead missile defence into becoming a point of contention between the allies.

The popularity of Prime Minister Junichiro Koizumi and his support for the US-Japan alliance indicates that Japan now has the leadership to garner the necessary political support for movement on the missile defence issue. Koizumi has made statements on the need to study revision of the ban on collective self-defence and move ahead on other security issues. He has ensured Japan's support for the United States in the war on terror. However, Koizumi still faces difficult political challenges. He is yet to convert his popular support into control over the LDP factions. The government also confronts the difficult task of managing reform

of the Japanese economy, which will inevitably lead to a backlash in public opinion. It is possible that the administration may see progress on some defence issues as a means of bolstering its position. However, the government may well wish to avoid tackling the more contentious defence issues, such as missile defence, that would lessen valuable political capital in this critical period. The LDP's dependence on the coalition partner Komeito Party for its majority also constrains the tackling of security issues. Komeito remains committed to the ban on participation in collective self-defence and is generally cautious on any expansion in Japan's security role.

The North Korean factor

For most of this chapter, the framework used to examine Japan's policy towards missile defence has taken the level of threat to Japan as a constant. However, the prospect that a dramatic change may occur in the threat posed by North Korean missiles has had significant implications for Japan's approach to the missile defence issue over the last two years. The process of détente on the Korean peninsula indicated that a diplomatic end to the missile threat from North Korea could be possible. In 1999 the Clinton administration initiated negotiations with Pyongyang with the goal of ending North Korea's missile program by providing diplomatic and economic incentives. Chairman Kim Jong-il declared subsequently that no missile test firings would be conducted up until 2003 as long as the dialogue continued. The Clinton Administration failed to secure a final deal on the end of the North Korean missile program before its own term ended, despite continuing negotiations towards the end of 2000. Some members of the administration have claimed that an agreement was within easy reach. Nonetheless it appeared doubtful that the agreement being negotiated would have significantly reduced the missile threat to Japan. Although a halt to North Korea's missile exports and development program appeared possible, no agreement was reached in negotiations on the removal of the principal threat to Japan: the No-Dong missiles already deployed.

The advent of the Bush administration with its more demanding conditions for any agreement with North Korea suggested that the prospect of a US-North Korean deal on the missile threat was not imminent. But the sudden and dramatic announcement by Prime Minister Koizumi of a summit with Kim Jong-il raised the prospect for direct negotiations on the missile threat to Japan. Indeed Kim Jong-il promised an indefinite extension of the moratorium on missile testing in the summit agreement. North Korea's desperate economic situation and need for economic aid held the prospect for considerable progress on security issues. But the détente between North Korea and Japan quickly broke down in mutual animosity. Revelations of the death of the majority of the abductees that North Korea had admitted to kidnapping triggered widespread anger in Japan and led to the evaporation of support for a settlement with Pyongyang. Any further prospects for progress were dashed when it was revealed that in October 2002 North Korea

had admitted to the United States that a covert uranium enrichment program had been undertaken in violation of the Agreed Framework. As the Pyongyang-Tokyo dialogue broke down, North Korea instead turned its attention to negotiation with the United States and sought to force the Bush administration to enter into direct negotiations through a withdrawal from the NPT and restarting elements of its nuclear program frozen by the Agreed Framework. Japan has become confronted with the prospect that the threat posed by North Korea's missiles could increase dramatically. The result has been greater consideration of missile defence options and a possible acceleration of participation in the development and deployment stages of the missile defence program. 2003 promises to be a defining year for Japan's involvement in missile defence.

Looking ahead

Although this chapter has highlighted the uncertainties and challenges confronting Japan's missile defence policy, I would like to highlight several factors that are likely to guide developments. First, progress so far suggests that the TMD program will be technically successful and lead to the development of effective systems, albeit with the likelihood of cost overruns and delays. As progress continues, the Japanese government will be forced to address the issues relating to the type of system to be deployed.

Second, over the next decade US forces will commence with the deployment of TMD systems for the protection of overseas troop deployments and bases, including in Northeast Asia. Deployment of TMD systems to protect bases in Japan will lead to increased pressure on the Japanese government to proceed with deployment of a missile defence capability. The US government will expect the Japanese government to contribute to the defence of bases in Japan while the Japanese public will press for missile defences to be deployed to protect urban areas from attack. The likelihood that the United States will eventually deploy some form of NMD will only increase the pressure on the government.

Third, a strong consensus on the missile defence remains vital for the government to make progress towards participation in development and deployment. The influence of the deteriorating economic situation and the possible threat from North Korea will be critical determinants in this debate. Meanwhile the ongoing fluid nature of Japanese politics and the dependence on coalition government will further complicate management of the issue.

The pressure the government faces on the missile defence issue will increase over the next decade. Barring a dramatic deterioration in regional stability, Japan's approach to missile defence will remain cautious due to the careful balancing of the US alliance, the relationship with China, and the maintenance of domestic support. Although this cautious approach is unlikely to meet the expectations of the United States or placate China's concerns, it will minimize the strategic costs confronting the Japanese government. Should the regional security situation

rapidly deteriorate, Japan will then be forced to confront the difficult strategic issues surrounding the acceleration of participation in missile defence.

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11

Security and stability in Southwest Asia

William Maley

On 11 September 2001, al-Qa'ida's attacks on the World Trade Center and the Pentagon triggered a sequence of events which transformed the security environment of Southwest Asia. Not since the assassination of Archduke Franz Ferdinand in Sarajevo on 28 June 1914 had the action of non-state actors impacted so dramatically upon world affairs. The introduction of US power into the region, the US decision to adopt Pakistan as an ally once it committed itself to abandon support for the Taliban who in neighbouring Afghanistan had provided refuge for al-Qa'ida's leader Osama bin Laden, and the subsequent overthrow of the Taliban forced a range of actors to re-position themselves to cope with new realities. Yet questions remain as to how enduring the US presence will prove, and how effective it will be in addressing the region's deep-seated problems.

Southwest Asia is one of the most troubled parts of the world, and only an optimist would adopt a sanguine view of its prospects in the short-to-medium term. An analyst searching for examples of interstate rivalry, institutional decay, ethnic tension, weapons proliferation and territorial disputes would not have far to look. Afghanistan and Pakistan spring immediately to mind as tragic venues for these problems, which all have the potential to lead to violence and disruption to the lives of ordinary people. At the same time, the region is home to the world's largest *democracy*, India, a state which for over half a century has defied gloomy expectations of fragmentation and instead emerged as an increasingly dynamic economic actor, with real potential to ascend to the status of a Great Power. The benefits which could accrue to Southwest Asia from interstate cooperation instead of antagonism are considerable.

Regional boundaries are always imprecise and fluid, for they reflect the interaction of diverse influences, expectations and perceptions on the part of actors which are themselves subject to change. In this chapter, I use the term 'Southwest Asia' principally to embrace the states of Afghanistan, Pakistan and India. The

justification for this focus is the significance of developments in these states for the stability of the wider world. Rivalry between India and Pakistan is a poisonous legacy of the partition of the subcontinent in 1947, and since the Indian and Pakistani nuclear tests in 1998 it has rarely been far from the concerns of most mature world leaders. Afghanistan, plunged into disarray by the communist coup of April 1978 and the Soviet invasion of December 1979, not only became a breeding ground for profoundly unappetizing forms of extremism, but has been a theatre in which rivalries between other regional actors have been conducted. These considerations justify detailed discussion of the politics of these states. It is important, however, to recognize that these states have not functioned in a static political context. The collapse of the USSR in 1991 involved not simply the final breakdown of a sociopolitical *order* based on Marxism-Leninism, but also the disintegration of a vast territorial *state*. The emergence of new states from the wreckage of the Soviet Union prompted hopes that the energy resources of Central Asia could be further exploited, and this reconfiguration of regional structures was to have serious consequences (Canfield 1992)—especially for Afghanistan, where the belief that the radical Taliban movement could provide security for oil and gas pipelines led to its being regarded with a fatally friendly gaze by Islamabad and Washington (Maley 1998).

The aim of this chapter is to explore the roots of some of the key problems of Southwest Asia. My approach is an eclectic one, designed to capture some of the complexities which make progress in improving the regional political climate so difficult to obtain. The chapter is divided into six sections. The first examines the key interstate tensions and border disputes which bedevil the region, notable the India-Pakistan, Pakistan-Afghanistan, and China-India problems. The second is concerned with the ways in which state failure has affected Southwest Asia: here, the two states on which I focus are Afghanistan, a paradigmatic case of state failure, and Pakistan, which is a threshold failed state. The third considers the special place of India in the region, and the trajectory of its internal political and social development. The fourth explores the implications of weapons proliferation for stability, and the fifth assesses the implications of 'non-traditional' security threats. The last offers some brief conclusions.

Interstate tensions and border disputes

The boundaries between the key states of Southwest Asia represent the detritus of past colonial experience, and for that reason alone a number of them remain highly contested. But as well as the burdens of history, these boundaries carry the weight of ongoing antagonisms, which aggravate and intensify the symbolism of 'artificial' demarcation of the territorial state.

The relationship in which this is most pronounced is that between India and Pakistan. The hostility between India and Pakistan is longstanding, deep-rooted, and the most serious source of peril for the region. It is grounded in the legacy of the partition of British India into Hindu-majority and Muslim-majority states,

which affected relations between the two successor states in complex ways. On the one hand, partition triggered the displacement of vast numbers of people, creating legacies of bitterness and sorrow which cannot easily be set aside (Pandey 2001). On the other hand, the partition process gave rise to fresh challenges of territorial integrity, both immediate and latent. Partition is rarely neat and never simple. The most intractable legacy of partition is the Kashmir dispute.

The Kashmir story is complex and contested (Ganguly 1997), but at heart it involved the attachment of a Muslim-majority territory to a Hindu-majority state at the instigation of its Hindu ruler. This development set up a tension between two different legitimacies: one procedural, based on the mechanism of accession, and the other substantive, based on religious identity. Not surprisingly, India emphasized the salience of procedure, while Pakistan emphasized the importance of identity. The two states went to war over Kashmir in 1948 and 1965, and to the brink of war in 1999 after the Kargil incursions. There is no mutually-accepted border between the two states in this part of the world: rather, a 'Line of Control' exists between the two, with India in control of the southern and eastern parts of Kashmir (except for a portion occupied by China in the northeast), and Pakistan in direct control of parts of historic Kashmir to the north of the Line of Control, and in effective control of 'Azad Kashmir' to the west. The Siachen Glacier, to the north of the Line of Control, is a particular flash point (Khosa 1999). In early 1999, the then leaders of India and Pakistan, Atal Behari Vajpayee and Muhammad Nawaz Sharif, had made an effort to explore possible solutions to the Kashmir dispute in a 'second-track dialogue in which Pakistan was represented by former Foreign Secretary Niaz Naik, and India by the newspaperman R.K. Mishra (Bennett Jones 2002, 95–6). However, such progress as the representatives made was then torpedoed by the adventurism of the Pakistan military over Kargil. The fundamental problem of Kashmir is that a territorial dispute that *could* be solved with creative thinking is now so entangled in the domestic politics of both India and Pakistan that shifting the parties from their long-held and irreconcilable positions has become extraordinarily difficult. Standing firm over Kashmir has become a symbolic measure of a leader's loyalty to the identity of India or Pakistan, and it would take considerable political (and perhaps even physical) courage for a leader to contemplate a shift.

If Pakistan is in dispute with India over Kashmir, it has also spent much of its life in border dispute with its western neighbour Afghanistan. Indeed, Pakistan's relentless attempts in recent years to hold sway in Afghanistan can hardly be understood without reference to the historically poor relations between the two. Afghanistan actually opposed the admission of Pakistan to membership of the United Nations, and for most of the 1950s, 1960s and 1970s, Afghanistan, with an overwhelmingly Muslim population, was much closer to Hindu-dominated India than to Muslim Pakistan. The reason was the 'Pushtunistan' dispute. When Sir Mortimer Durand drew a boundary, the 'Durand Line', to separate Afghanistan from British India in 1893, he divided members of the Pushtun ethnic group

between the two territories. Reuniting the divided Pushtuns was an objective of profound significance for the Pushtun-dominated Afghan elite, especially during the premiership of Muhammad Daoud from 1953 to 1963 (see Dupree 1973, 538–58; Ganguly 1998, 162–92). Islamabad, as a generous host to Afghan refugees through the 1980s, had an historic opportunity to reverse the traditional pattern of its relations with Kabul, but it was an opportunity that Pakistan's leadership fumbled spectacularly by seeking to promote Islamic extremists to rule Afghanistan, first the Hezb-e Islami headed by Gulbuddin Hekmatyar, and then the Taliban. The Pushtunistan dispute is not at the forefront of relations between Pakistan and Afghanistan at present, but nor has it been resolved, and it could resurface with a vengeance at some point in the future.

The unresolved border problems between China and India should also be mentioned at this point. The courteous relations which currently prevail between Beijing and New Delhi have not typified the relationship in all its phases; on the contrary, in 1962, China used force with deadly effect against India to assert its control of disputed border territories (Nayar and Paul 2003, 79–83). In order to put this in context, it is necessary to recall the atmosphere of the early 1960s. While Indian Prime Minister Jawaharlal Nehru had gone out of his way to build a positive relationship with China, neither the United States nor the USSR had followed suit in the least: the United States was not to recognize the Beijing authorities as China's rulers until 1980, and from 1960 to 1989, the Sino-Soviet dispute put paid to the notion of undivided world communism. In the aftermath of the border war, India was confronted not only with the challenge of interpreting the alarming signals which emanated from China during the Cultural Revolution, but also with managing the implications for the Non-Aligned Movement of inspirational Chinese rhetoric, particularly that associated with Lin Biao's *Long Live the Victory of People's War*. The post-Maoist deradicalization of China was a considerable relief to the Indian leadership, and left it disinclined to pursue issues left over from the early 1960s. Nonetheless, India continues to station significant conventional forces adjacent to China, and apprehension about the future orientation of China has figured in Indian doctrine on force posture.

State failure: Afghanistan and Pakistan

Interstate tensions are perilous even when the states involved are internally well-ordered, but they are particularly dangerous when a state is experiencing disruption. On the one hand, command and control of armed force may be unreliable where the instrumentalities of the state are decaying. On the other hand, evidence of decay may tempt a neighbouring state either to meddle or to intervene directly as a way of furthering its own interests. Afghanistan and Pakistan provide clear illustrations of such phenomena.

Afghanistan's descent into disorder sprang from an accumulation of serious problems towards the end of the 1960s and into the 1970s. The fiscal basis for state-driven modernization of Afghanistan was shaky, and far too much state

expenditure was funded from 'rentier sources', that is, foreign aid and asset sales (Rubin 2002, 296–7). In addition, the overthrow of the monarchy in July 1973 in a 'palace coup' staged by former prime minister Daoud, a cousin of the king, somewhat undermined the traditional legitimacy of the ruling dynasty, and in combination with the emergence of acute divisions within the Kabul-based national elite, set the scene for the communist coup of April 1978 (Maley 2002a, 15–17). The well-documented failings of the communist regime—its internal divisions, insensitivity, and vicious brutality—paved the way for the Soviet invasion of Afghanistan in December 1979. A reality too often overlooked is that the Afghan state as a mechanism for the extraction and mobilization of resources *effectively collapsed around this time*. Through the 1980s and into the early 1990s, successive communist rulers were sustained by either Soviet troops or Soviet resources. The severing of resource flows when the Soviet Union itself collapsed led directly to the collapse of communist rule less than four months later. But the Afghan resistance forces that took over the symbols of state power, notably the capital Kabul, did not inherit workable state institutions, and even the Afghan army fragmented, largely along ethnic lines (Davis 1993). Furthermore, they found themselves under almost immediate attack from forces backed by Pakistan, which was eager to secure a return for its investment in the Afghan resistance. The southern suburbs of Kabul were blasted by Hezb-e Islami rockets and artillery from 1992 until 1995; thereafter, the rockets were fired by the Taliban, to whom Pakistan had shifted its backing (Rashid 2000; Dorronsoro 2002, 170) in the face of the Hezb's inability to hold and occupy territory (as opposed to simply acting as a spoiler). The Taliban seizure of Kabul in September 1996 inaugurated a desperate period for ordinary Afghans, in which their country increasingly became an operating base for Arab extremist groups such as al-Qa'ida, and for forces backed by Pakistan, which found it convenient to base Kashmiri militants on Afghan territory. The ouster of the Taliban by the United States, its international allies, and anti-Taliban Afghan forces has not only reconfigured the region strategically, but set the scene for a massive task of social and institutional reconstruction in Afghanistan, which is of fundamental importance for regional stability, but far from simple or easy (Maley 2002b; Atmar and Goodhand 2002: Wimmer and Schetter 2002).

If Afghanistan is a deeply troubled state, so too is Pakistan. In contrast to India, which somehow managed to expropriate the rich cultural heritage of the Mauryas and the Guptas (see Basham 1967), Pakistan found itself almost without legitimating cultural history, since the key centres of Islamic civilization lay outside its borders. In addition, Pakistan has from its inception been afflicted by a pervasive and very real sense of insecurity, to the point where one scholar has actually referred to it as an 'insecurity state' (Thornton 1999, 171). The loss of East Pakistan in 1971 of course fuelled this sense, and it remains potent to this day.

This has contributed to a number of striking pathologies which afflict Pakistan's body politic. First, Pakistan lacks a well-institutionalized and legitimated framework for politics. Instead, it has regularly witnessed periods of military rule—from 1958–62, 1969–72, 1977–88, and since October 1999—which have also blocked the flourishing of an impressive civilian elite in the intervening periods. While it has a powerful military, it lacks an effective state: government structures are riddled with corruption, and feudal power holders have a disproportionate influence on government decision-making. Second, resources are absorbed by the military which could better be spent on civil functions such as education. As a result, the state school system performs poorly, which increases the attractiveness of religious schools run by Islamic parties with a range of different agendas. In the 2001 UNDP *Human Development Report*, Pakistan ranked 127th out of the 162 countries examined (United Nations Development Programme 2001, 13, 143). Third, Pakistan has witnessed an explosion of religious mobilization and sectarian conflict on its soil (Zaman 1998; Zaman 2002; Nasr 2000a; Nasr 2000b), as a result of the reverberations from the Iranian Revolution and of the flow of weapons into its territory from the war in Afghanistan (Goodson 2000). Fourth, the military continues to reflect the effects of the 'Islamization' programme of General Zia ul-Haq (1977–88), who 'encouraged Islamic conservatism and orthodoxy in the Army' (Rizvi 2000, 245). The most famous manifestation of this was General Hamid Gul, Head of Pakistan's Inter-Services Intelligence Directorate from 1987 to 1989, who became an ardent supporter of extremists such as the Taliban, and was damningly described by one observer as 'a man who had tried to play God with the fates of innocent people in another country because his own country had failed to live up to its promise' (Lamb 2002, 295). These pathologies underpinned concerns before September 2001 that Pakistan might at some point begin to slide into a state of incipient Talibanization (Maley 2001). With the crushing of the Taliban movement the immediate threat has receded, but there is little to suggest that Pakistan's current leadership has any workable strategies to address the country's longer-term problems. Unsettling times lie ahead.

India as regional lynch-pin

India, of course, dwarfs its Southwest Asian neighbours in a number of ways. It is one of only two countries with a population exceeding one billion, and is a military and industrial power of some significance. Indeed, the rise of India to the status of very substantial middle power—and some would say threshold great power—is perhaps the most significant long-term development in the region. These features of India's development, together with its status as a functioning democracy, deserve some further comment.

Size is sometimes seen as a barrier to the flourishing of democratic institutions, and the argument that only autocratic or one-party rule can maintain order in a state with a vast population surfaces from time to time. India provides a

striking counter-example. With appropriate institutions, it is possible to protect
the vital power of ordinary people to change their government without bloodshed.
In India, these institutions have included federal structures which fragment power
on a territorial basis, an independent judiciary which secures a separation of powers
on a functional basis, and robust private markets and free media which secure a
social separation of powers. Vigorous associational engagement provides
additional protection against intercommunal violence (Varshney 2002). When
Prime Minister Indira Gandhi sought to interfere with some of these institutions
through the imposition of emergency rule in 1975, she paid a high price at the
polls two years later. While there are some parts of India which are seriously
afflicted with social tensions—including Kashmir, Gujarat, parts of Uttar Pradesh
and Bihar, and the states in the extreme east of the country (Bajpai 2002)—fears
that India could face a crisis of governability (Kohli 1990) have thus far failed to
materialize. Nor has Hindu extremism colonized the commanding heights of the
political system (Stern 2003, 188), despite the predominance of the *Hindutva*
Bharatiya Janata Party for most of the 1990s. However, this could change if
Deputy Prime Minister L.K. Advani, the party's ideologue, were to succeed Prime
Minister Vajpayee as the country's leader; and as a country whose population is
divided in complex ways, the risk of a sudden escalation of tension as a result of
unforeseen events either at home or in the region can never be ruled out.

India's exercise of power has both 'hard' and 'soft' bases. Its hard power
derives from its increasingly skilled population, industrial base and military
capability. There is no doubt that the size of India's middle class has increased
substantially in recent years, with some writers putting it as large as 300 million
(Nayar and Paul 2003, 44)—that is, larger than the entire population of the United
States. In purchasing-power parity terms, India is the fourth largest economy in the
world (Cohen 2001, 27), lagging behind only the United States, China, and Japan.
And militarily India is also a substantial power (Gordon 1995, 55–116), not only
as a result of its nuclear capabilities, but also because of its active armed forces of
1.298 million personnel. The Indian Army has 58 tank regiments, 355 infantry
battalions, and 190 artillery regiments; the navy 16 submarines and 27 principal
surface combatants, including an aircraft carrier; and the air force 701 combat
aircraft (International Institute for Strategic Studies, 2002).

Where India remains weak is in soft or 'reputational' power. In the 1950s,
Prime Minister Nehru, described by Winston Churchill in his old age as 'the Light
of Asia' (Gopal 1993, 470), managed to assume a prominent and effective role in
the Commonwealth while also positioning himself as a key leader of the Non-
Aligned Movement which took shape after the 1955 Bandung Conference. None of
his successors was able to execute this tricky task with the same dexterity. The
tolerant Indian response to the Soviet invasion of Afghanistan (Saikal 1989) did
great damage to India's non-aligned credentials—Afghanistan, after all, had been
an active participant at Bandung—and the collapse of the Soviet Union and the
emergence of the United States as the world's largest power left in disarray the

conceptual bases of India's attempts to shape its position in the world. To paraphrase Dean Acheson's famous comment about post-imperial Britain, India has lost its non-aligned status but is yet to find a role.

Yet if India is reputationally weak in global terms, it is still by far the most substantial power in Southwest Asia. Its occasional exasperation at the wider world's approaches to the region stems in part from what it sees as a skewed rationale for engagement. Particularly frustrating for India has been what its leaders regard as indulgent Western treatment of Pakistan. Well after Islamabad's direct backing of the Taliban became a matter of notoriety, the United States hesitated to pressure Pakistan over this support, let alone give backing to the anti-Taliban forces in Afghanistan (Benjamin and Simon 2002, 338–9). The United States feared that Pakistan was in such a dire state that its regime could fragment under pressure, clearing the way for an extremist regime that would have access to nuclear weapons. Pakistan shrewdly played up this fear in order to insulate itself from pressure. Since September 2001, the Pakistani regime of General Musharraf, brought to office in a military coup, has been treated with startling respect by the United States. While US approaches to Pakistan have varied over time (Kux 2001), there remains in Washington a residual respect for Pakistan as an ally from the Cold War era. However, from New Delhi's point of view, Pakistan has in effect been rewarded by the United States *because* it has been irresponsible and ill-managed. Yet in the long-run, India is not likely to find itself abandoned. India's democratic political system, substantial market, and open society make it a natural partner for the West in a way that Pakistan as presently configured cannot hope to be.

Nuclear weapons proliferation

If it were not for nuclear weapons, the security environment of South Asia would not be nearly as much cause for concern as it is. India tested a nuclear device in May 1974, and this, in the words of one observer, 'accelerated a Pakistani commitment to develop what [Pakistani] Prime Minister Bhutto called a "Muslim bomb"' (Thomas 1986, 46). Similarly, India's May 1998 'Pokhran II' tests, five in all, led to a series of seven Pakistani nuclear tests less than three weeks later which reconstituted South Asia as perhaps the world's riskiest theatre of nuclear competition. While some analysts of nuclear strategy had argued that possession of nuclear weapons could be expected to impose effective discipline upon the possessor (Waltz 1981), the idiosyncrasies of domestic politics, in Pakistan at least, understandably prompted scepticism as to whether such conclusions would continue to hold.

Nuclear weapons, and more importantly the existence of systems for their long-range delivery which are not vulnerable to a disabling first strike, give rise to a system in which the operating principle is deterrence rather than the balance of power. Different rationales for India's development of nuclear weapons have been developed. Some point to a need to deter China, others to deter Pakistan, while

yet others relate nuclear capacity to prestige and global status (see Bajpai 2000; Tellis 2001, 252–366; Cohen 2001, 178–84). Whatever may be the case, one argument that is difficult to sustain is that testing in 1998 added either to India's security, or its political leverage. Pakistan's test (a predictable response given the psychology of the Pakistani leadership) wiped out the escalation dominance which India momentarily enjoyed as South Asia's sole nuclear power, and in addition heightened US concern about applying firm pressure to Pakistan, in a way which hardly advanced India's interests—although the United States was able to find a Pakistani pressure point, in the form of Prime Minister Nawaz Sharif, during the Kargil crisis.

In the absence of a broader settlement of the political tensions between India and Pakistan, neither is likely to be drawn into effective nuclear arms control regimes. The lesson of Washington's heavy-handed approach to Iraq and delicate approach to North Korea is that parties suspected to possess nuclear weapons substantially insulate themselves from pressure. Pakistan, which is markedly inferior in conventional forces to India, will not even agree to a 'no first use' arrangement, since the threat of escalation to the nuclear level is its main strategy for deterring an Indian attack. India, meanwhile, has blocked the ill-considered attempt to use the UN General Assembly to promote the Comprehensive Test Ban Treaty (Thakur and Maley 1999, 302). The best one might hope to achieve in the short run would be confidence building measures (CBMs) to avert the risk of unintended use: as Cohen puts it, 'The security of India in relation to Pakistan depends not on the quality of the *Indian* nuclear force or the rationality of an *Indian* decision-making system, but on the integrity of *Pakistan's* chain of command' (Cohen 2001, 186).

Non-traditional security threats

While nuclear weapons may pose the greatest threat of cataclysmic harm, the risks from lower-level, 'non-traditional' threats should not be underestimated. The US 'War Against Terror' at one level involves recognition of a potent new threat, but it is also a 'war' which has been prosecuted in an inconsistent and confusing fashion. In late 2001, US Secretary of State Colin L. Powell caused disquiet in New Delhi with remarks implying that 'moderate' Taliban might retain a role in Afghanistan (Constable 2001), and the United States subsequently infuriated India when, in a foolish move to shore up the position of President Musharraf, it permitted thousands of Taliban to be evacuated to Pakistan by air from the besieged Afghan city of Kunduz (Hersh 2002). India, not unreasonably, felt that it was highly likely that these individuals would be used to stir up trouble in Kashmir. Such misjudgements raise doubts about the quality of US strategic leadership in a war against terrorism, and as yet, there is little to suggest that the United States has accorded much thought to ways of addressing the deeper sociocultural schisms on which charismatic leaders draw in order to recruit shock-troops for terrorist actions.

Narcotics production in particular has created a major source of revenue for criminal networks and terrorists, and has the potential to fuel large-scale internal armed conflict, as to a certain extent it did in Afghanistan (see Rubin 2000). Under the weight of a Taliban decree, opium production in Afghanistan in 2001 fell to just 185 tonnes; in 2002, it shot up to 3,400 (*BBC News*, 3 March 2003). One reason was that in its search for allies against al-Qa'ida, the United States struck bargains with warlords heavily inculpated in opium production, as graphically reported in the Australian Broadcasting Corporation (ABC) television program *Foreign Correspondent* on 10 April 2002. One could hardly look for a better example of the greyness which in practice surrounds many key decisions made in the war against terrorism, and of the complexities in trying to work out how best to move forward.

Conclusion

Kanti Bajpai, one of the most penetrating observers of contemporary Southwest Asia, has observed that 'outside powers have an interest in South Asian stability as never before' (Bajpai 2003, 233). This is undoubtedly true, and it serves as a warning to capitals such as Washington, Beijing, and even Canberra not to be distracted by other dramatic events such as the US thrust against Iraq. Despite the Bush Administration's very Texan dislike for the complexities of 'nation-building', a power which aspires to shape the world to its image of how the world should be simply cannot escape the responsibilities which 'nation-building' implies. The tasks involved are extremely complex (Maley 2002c), but if they are ignored, the backlash for a capital such as Washington could be very considerable. In 2002, US General Tommy R. Franks, Head of US Central Command, remarked that the 'fact of the matter is that Afghanistan is a very dangerous place' (*SBS Television News*, 26 August 2002). He might have gone on to remark that until the time when its institutions are able to provide a bulwark against a re-emergence of extremism, there will be dangers not only for Afghans in Afghanistan, but also for Americans in the United States.

There are no magic solutions to Southwest Asia's complex problems of intrastate disruption, interstate rivalry, and insecurity in a region bristling with weapons, but two paths are worth following. First, major powers concerned to foster regional stability should seek to develop *coherent, principled* approaches to the region, and apply them consistently. The ad hoc involvement of key external powers has done little to foster an environment in which trust, such a scarce commodity in Southwest Asia, can be developed; too often, major powers have become involved in blatant pursuit of their own interests, and this provides little basis for local actors to put their faith in those powers as guarantors of security or order. Second, major powers, and international institutions, should begin a search for creative ways to address the interlocking security dilemmas which make Southwest Asia such a dangerous place. There is a need for a new security architecture that recognizes the importance of human security, that recognizes the

risks posed by new security threats, and that fosters a recognition by all states that their neighbours have legitimate security concerns (Rubin et al. 2001). The states of the region have largely lost the ability to view these problems in proper perspective. The wider world has a role to play in helping them to move forward.

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Mediating the global order: the past and future of Asia-Pacific regional organizations

Michael Wesley

Regionalism in the Asia-Pacific—a topic that has spawned a veritable cottage industry of definitions over the past decade—is at its weakest and most contested level since the end of the Cold War. Four years ago, a financial crisis occurred which had much more profound effects than just on regional economies. The Asian crisis deflated expectations of uninterrupted regional economic growth, the 21st century as the 'Asian century', the Asian 'model' as the superior way of producing economic growth. The aftermath of the crisis challenged deeply-held norms of regional institutions and diplomacy: national and regional resilience; political and social stability; and sovereign independence and non-intervention. The crisis also had profound effects on regional institutions: the Asian Development Bank (ADB), Association of Southeast Asian Nations (ASEAN), Asia-Pacific Economic Cooperation organization (APEC), and the ASEAN Regional Forum (ARF). At best, the current regional order is based on a number of institutions that are inert or in danger of imminent demise, plus a number of partially articulated alternative schemes for regional order that are unevenly supported, and then often not for the same reasons. Overlaying this is a worsening situation of strategic competition—mostly over the nature of the regional order—between the United States and China.

If we follow Michael Antolik's distinction between regional organization, 'the commitment of several states to reach common goals by means of joint policy undertakings'; and regionalism, 'a belief that a commonality (if not a community) exists and should be fostered...regionalism assumes that affinities and shared grievances will promote cohesion' (Antolik 1990, 10), the conclusion is inescapable that the weakness and lack of direction of the region's political structures derives directly from the frailty (or extinction) of an ideational

consensus on the nature and purposes of regional association. At the present time, Australia is not the only country beset by a deep ambivalence over how it relates to the region. A quick survey of the Asia-Pacific's countries shows a broader range of definitions of the regional order than perhaps at any time since the Second World War, with a corresponding variety of conceptions about how the region's states relate to the regional order.

In proposing a diagnosis for this situation, I would like to advance a new conceptual approach to regional organization; an approach which I argue is better equipped to make sense of the singular nature of regional organization in the Asia-Pacific. My approach is to suggest that regionalism and regional organization in the Asia-Pacific have always played a mediating role between the particularist interests of the region's states and the US-defined global order. Regional structures have been developed to allow Asia-Pacific states to retain the beneficial aspects of global order while filtering out or alleviating the damaging or intrusive aspects. As both global order and particular state interests change, new demands are made of the mediation role, and regional organizations are altered to meet these demands. This approach suggests a new explanation for the current malaise of regional organizations: the combination of a new, undefined, and unstable global order; plus a chronic lack of agreement by regional countries about what is benign and what is malign about that global order. Unfortunately, this explanation implies a poor prognosis for regional institutions over the next ten years.

There are four parts to my argument. I begin by developing and explaining my approach to regional organizations. I then apply this to the regional organizations of the Asia-Pacific chronologically, documenting the mediating role of regionalism in three successive periods: during the Cold War, in the post-Cold War era (1989–97), and in the post-Crisis era (taking in the current and future state of regional organizations).

Regionalism as mediation

At the risk of chronic over-simplification, there have been broadly four approaches to explaining the rise of regional organizations since the Second World War. The first are 'peace-based' approaches, variants of functionalist theory that suggest that regional integration has been adopted to overcome chronic insecurity and rivalry between neighbouring states (Mitrany 1933; Mitrany 1966; Haas 1958; Monnet 1976; Nye 1971). The second are 'power based' approaches that suggest regionalism is the result of competition between political units in an international system where the size of populations, territories, production runs, and markets are the attributes of power (Delors 1992; Kennedy 1993; Cox 1992; Thurow 1993). The third are 'cultural-identity' approaches, suggesting regionalism arises from existing or emerging continuities in values (Deutsch 1957; Hurrell 1995; Adler and Barnett 1998). The fourth are 'economics-derived' approaches, which argue that regionalism is a response to various economic dilemmas and forces, from the resurgence of mercantilism and the crisis of the global trading regime to the need

to respond to the forces of economic globalization (Gilpin 1987; Moravcsik 1998). Yet none of these approaches can explain why regional organizations arose and proliferated when they did: the first three would suggest that regionalism should have been developed long before the post-War period; the fourth cannot explain why regional organizations developed long before the modern age of globalization. None of them have been able to offer much purchase on explaining regionalism in the Asia-Pacific.

I would argue that regionalism, as a process that has developed since the Second World War, is primarily a mediating response to the two defining processes of that period: the construction for the first time of a truly global interstate order—as opposed to previous regional systems linked to the rest of the world through colonial and racially-hierarchic ties—and the widespread adoption of the state form by the decolonizing world. The construction of a global order was driven by a universalist conception of politics: a belief that all political structures were expressions of the same basic constituents and principles and therefore inherently comparable. On the other hand the form of the sovereign state, which implied mutual exclusivity of authority, and the ideology of national self-determination demanding that each 'people' be able to rule itself as it saw fit, rested on the opposite concept of particularism. In an Hegelian manner, this universalist conception of global politics implied its opposite—particularist sovereignty—while the system of state particularities implied their opposite: a universalist system of partitioned sovereignties.

A universalist approach was required for the conception and then construction of a world order. The United States needed general principles of conduct and order as a guide for gauging the impact of diverse developments in world politics on its global interests; but these general principles were at the same time deeply particularist in their ethnocentrism. American universalism springs from a range of attributes: an Enlightenment culture and Lockean understanding of politics (Hoffmann 1977); an experience of and approach to colonialism that stressed access and an 'open door' to other territories rather than exclusive control (Huntington 1973); and the reliance of an immigrant nation on a general set of principles of political association superior to cultural or linguistic particularities (Ruggie 1996, 25–6). It was the United States that insisted—after both the First and the Second World Wars—on the dismantling of empires and the adoption of the state form on the basis of national self-determination as the ordering form of international relations. While national self-determination relied on the particularist conception of 'peoples' as organic specificities, the state form was itself a universal political form, and recognition of statehood required the achievement of several general principles of political control over territory and population.

For most decolonizing states, gaining sovereign statehood was an achievement of the utmost value, a political commodity of supreme importance. Yet their adoption of a particularist political structure occurred at a time in world politics flooded with universalist doctrines—the general principles of conduct embodied in

the United Nations charter and the Bretton Woods institutions; liberal democracy, free market capitalism, communism, modernization-development—all structured the choices to be taken within each particularist sovereignty. Cold War rivalry drove the universalism of both east and west in ever more intrusive forms, ranging from the structure and conditionality of aid and development programs to the waging of proxy wars in the recently decolonized world. To different extents, the regional organizations that developed since the early 1950s in Europe, Latin America, Africa, and Southeast Asia emerged as strategies to manage the conflict between the utmost value of particularism and the demands of universalism. Regionalism developed as a mediation strategy, to preserve as much sovereignty and independence as possible for small states, while allowing them to partake of the beneficial aspects of universalism and filter out the harmful and intrusive aspects. The mediation role was of varying success in different regions. In the Asia-Pacific, it was employed relatively more effectively than in other regions, and regionalism was retained and modified over time as the demands of universalism and particularism changed.

Asia-Pacific regionalism during the Cold War

The world order that was constructed after the Second World War was intended to apply universally, but was soon modified and confined by Cold War competition. The universalist principles that had originally been designed from the time of the Atlantic Charter in 1942 to provide a solid foundation for peace and development were soon redirected towards bolstering the free world in the struggle against communism. The first such principles to morph were anti-colonialism and modernizing development, which from the time of the Truman Doctrine were re-oriented towards anti-communism. By the 1950s, a United States which had been dedicated to the dismantling of colonial empires was providing support to the French as they tried to re-assert their imperial control over Indochina. Repeatedly in the Asia-Pacific, communism and anti-communism assumed interventionist forms. While most new states in the region defined themselves as either communist or non-communist, all retained a strong desire to retain their sovereignty and particularism in the face of the universalist drives of the superpowers. In security terms, the challenge was to reconcile a commitment to pro or anti-communism with the preservation of sovereign independence.

World order universalism manifested itself in economic terms in a number of ways. Most basically, American globalism was based on a concept of development as modernization, the belief that political independence would be followed by a process of development along the path already trodden by the industrialized democracies (Packenham 1973). As a motivator of global development policies—through bilateral US aid as well as the multilateral development banks—this concept of development sat comfortably with the Cold War doctrine that economic strength and modernization provided a solid bulwark against communist subversion and expansion (Rostow 1960). In addition to this, as John

Ruggie argues, economic universalism was based on the 'embedded liberalism compromise', an attempt to marry a commitment to free trade and stable currency exchange with domestic economic policies dedicated to Keynesian principles of interventionism, planning, and stable economic growth (Ruggie 1998, 72–4).

The third univeralist principle of the American world order was that of multilateralism. Initially conceived in global terms and with universal membership—as demonstrated by the first postwar multilateralist institutions constructed at San Fransisco and Bretton Woods—multilateralism was a political structure intended to manage various aspects of international relations according to rational and consensual principles. Basic to the American form of multilateralism—and deeply at odds with the European great power multilateralism of the Concert of Europe—was a democratic conception that political institutions could only be based on a foundational constitutional act participated in by all who were subject to it at the point of formation. As with domestic institutions, international institutions were not open to renegotiation by decolonized states that had been colonies at the time of their founding; post-1945 members of the UN, IMF, and World Bank were required to accept their negotiated structure in full. American multilateralism also rested on a conception of international relations as the interplay of calculations of self-interest; cooperation was only possible as an exchange of obligations that was voluntary and based on a strict conception of interest-based reciprocity. Ruggie has observed that the multilateral form was deeply universalist:

> [M]ultilateralism is an institutional form that coordinates relations among three or more states on the basis of generalized principles of conduct: that is, principles which specify appropriate conduct for a class of actions, without regard to the particularistic interests of the parties or the strategic exigencies that may exist in any specific occurrence (Ruggie 1993, 11).

Coinciding with these universalist doctrines of world order was the spread of the state form according to the concept of national self-determination to the decolonizing world. Ironically, the experience of particularism and mutual territorial exclusivity had been introduced by the colonial experience itself, as the European powers had constructed clear lines of demarcation between their colonies. The post-colonial reaction was naturally one that prized independence and self-rule above all other values; while the experience of international juridical equality was a refreshing change after the experience of the racially hierarchical colonial world order. Even as they acceded to the United Nations and other institutions of global order, post-colonial states placed great store on the state as a self-contained moral and material proprietor, responsible only to itself for the conduct of its affairs.

In security terms, the primary task was to suppress internal subversion and forestall international intervention. Economically, the priority was national self-development, strongly conditioned by an awareness of post-colonial dependence

on commodities trade and the experience of external determination of economic structures. The response was most often the adoption of some variant of autarkic, import-replacing self-development policy, strongly influenced by the prevailing aid doctrines of the 1950s and 1960s that prioritized the achievement of self-sufficiency in agriculture production. In their external relations, the post-colonial states of the Asia-Pacific adopted a statecraft responsive to the dictates of exigency and security, extremely protective of their sovereign prerogatives and independence, and deeply suspicious and rivalrous with neighbouring states.

The universalist principles of the post-Second World War global order had provided post-colonial Asia-Pacific states with their cherished particularist right to self-determination, yet at the same time the hyper-universalism of the Cold War threatened to compromise this new-found independence. For the post-colonial world, the search for mediating mechanisms was urgent. The very independence they had gained left them highly vulnerable to superpower intervention or co-option. The first response of the post-colonial world was to buy out of the central balance at Bandung in 1955; and the discovery of solidarity in non-alignment—and later in developmentalism in the Group of 77—had a profound influence on the Asia-Pacific. In the first place, it ensured the stillbirth of the extension of the US multilateral alliance system into the Asia-Pacific, ensuring that the South East Asia Treaty Organization (SEATO) had too many holes to be a serious piece of regional architecture.

The experiment in non-alignment informed an alternative regionalism in Southeast Asia, one inspired by a belief in the benefits of a solidarity dedicated to independence. By the time ASEAN formed in 1967, after experiments with the Association of Southeast Asia (ASA) and the three-nation 'Maphilindo' agreement, it had adopted a distinctive formula designed to use regionalism as a mediation strategy between Cold War universalism and the demands of particularist sovereignty. The formula that the non-Communist states of Southeast Asia committed to was to adopt regional resilience as an extension of—and always subordinate to—national resilience. In security terms, regional resilience meant the resolution, or at least suppression, of damaging suspicion and conflict between regional states in a way that might draw in external intervention. Economically, the urge to autarky and self-development was also extended from the national to the regional levels with the experiment with the ASEAN Industrial Joint Ventures in the late 1970s.

Originally ASEAN was dedicated to ensuring the minimum conditions needed to forestall intervention in Southeast Asia, guaranteeing basic anti-communism, inter-mural normalization of relations, and regional stability as a way of protecting each member's independence. Beneath this common commitment lay a range of differences, in political, economic, social, and cultural structures, in attitudes to alliance and non-alignment; and a high level of continuing mutual suspicion and rivalry. Regionalism in the Asia-Pacific adopted the multilateral form, but in a distinctive way. The only generalized principle consistently adhered to and

eventually enshrined in the 'ASEAN way' was that of the supremacy of the principles of sovereignty and non-intervention. For the ASEAN five, a weak regional organization with low capacity to innovate and low expectations of compliance was a small price to pay to safeguard their particularist sovereignty. In fact, the elevation of sovereignty and non-intervention to a multilateral principle of regional organization was a crucial mediation mechanism, adapting the pressures of the universalist Cold War world order to be more compatible with their particularism. This formula allowed the retention of the US presence in Southeast Asia—with all of the benefits of regional stability, the deterrence of communist expansion, and the flow of economic aid—while keeping that presence as non-interventionist as possible.

Asia-Pacific regionalism in the post-Cold War period, 1989–97

The end of the Cold War changed both the universalist conception of the global order and saw an evolution in the particularist interests of Asia-Pacific states. Correspondingly, we can observe a profound change in regional institutions, as new demands on the mediation capacity of regionalism were set up by these changes at the universal and particularist levels. Once again, the form and design of these institutional departures is best able to be understood if first we investigate how changes at the global and particularist levels generated new demands on regional mediation.

The new universalism after the Cold War was driven by two separate perceptions in the United States: that alternatives to liberal democracy had been vanquished; and that there now should be nothing to stop the global adoption of liberal democracy, or the accession of all national economies to the global market. A number of factors combined to make the new universalism more challenging to particularism than even Cold War universalism. In many ways, American universalism assumed an even more messianic homogenizing urge. The new world order was a chance to forge world politics anew. Most fundamentally for Asia-Pacific states, adherence to basic non-communism (or an anti-Soviet posture) was removed as a way of deflecting attention from domestic political, social, and economic organization. The 'enlargement' doctrine of the Clinton administration drew on theories of peaceful relations among democracies to argue a direct security interest in the promotion of liberal democracy in other states. As neoliberal economic theory gained intellectual ascendancy, the 'embedded liberalism' compromise was abandoned in favour of strong advocacy of free market principles, while the ideology of globalization and the discipline of the market was used to warn against variations in states' macroeconomic policies.

Coinciding with the new universalism was a new particularism in the Asia-Pacific. Concern over subversion and commitment to economic autarky were no longer preoccupations by 1989, with strong evidence that the Asian economic miracle was extending beyond Japan. The new particularist concern was to ensure that nothing disrupt the conditions for economic growth. Overlaying this

instrumentalist urge was a new normative belief that Asia had found a superior way of delivering economic development and social cohesion. Both of these convictions were used to defend soft authoritarianism and greater state involvement in the economy, on the argument that the unprecedented rates of economic growth vindicated the unique political and social organization of certain Asia-Pacific states. Arguments emerged asserting the existence of distinctive 'Asian values', marrying beliefs in potency and particularism, as a reaction to the homogenizing stridency of world order universalism. In security terms, rising prosperity drove the resurgence of intra-mural rivalries and spurred localized arms racing and a revisiting of territorial conflicts.

The period between 1989 and 1994 remains the most frenetic period of building and innovation in the history of Asia-Pacific regionalism. The catalogue itself rivals the post-Cold War institutional innovation of any region in the world: the creation of APEC in 1989; the Singapore Summit developments and the announcement of the ASEAN Free Trade Area in 1992; the APEC Leaders Summits in 1993; the inauguration of the ASEAN Regional Forum in 1994. Taken together, all of these innovations constitute strong evidence of an urgent need for regional mediation between the new global universalism and particularist urges in the Asia-Pacific. The booming Asia-Pacific economies needed to maintain the benefits of the US security presence in the region, and retain access to the US market and global investment flows to fuel their export-oriented development. However, the danger was that a newly messianic United States, freed of Cold War concerns about driving states into the arms of the communist bloc, would use these benefits as bargaining chips to force American-style political and economic homogenization on regional states.

The solution adopted was a variation on the earlier theme of using regionalism to ensure basic compatibility with the minimum conditions required to accommodate the benign aspects of world order, while keeping its more interventionist aspects at bay. The major departure was the willingness of regional states to include the US in regional bodies as a way of 'tying in' the US presence in the region, but trying to dilute US influence through the diffuse and highly consensual mechanisms of the new regional organizations. The slow development of APEC between 1989 and 1994, and the creation of the ASEAN Free Trade Area at the Singapore ASEAN Leaders Summit in January 1992 were initially a response to globalization, and the fear that the accession of former communist and developing economies to the global market would draw away investment from the Asia-Pacific. The response was to send a strong signal to global markets about the attractiveness of the region as a site for investment. Asia-Pacific regionalism was prepared to go that far to accede to universalist principles; but neither AFTA nor APEC even contemplated surrendering the supreme values of sovereignty and independence to the new world order. Instead, ASEAN-style consensualism was built into both organizations as a way of keeping the further demands of the

universalist world order at bay. The ASEAN Regional Forum emerged and engaged similar principles in 1994.

The other major departure was the development of what I call 'completion regionalism', the urge to define and complete Asia-Pacific regionalism by absorbing into old and new regional structures those states that had been excluded during the Cold War. The expansion of memberships gave the new Asia-Pacific organizations added weight, as well as harnessing the reputation of the Asian economic miracle as a defining principle of regional association. Completion regionalism became an additional strand in the mediation of the global order, particularly as the insistence on non-intervention from communist states was used to buttress the regional non-intervention norms of the smaller, soft authoritarian states. Finally, at Bangkok in April 1993, the particularist rhetoric of Asian values was regionalized through the Bangkok Declaration on human rights, stressing that universalist human rights values should not be imposed from outside but be attentive to cultural variations.

Post-Asian crisis regionalism

The 1990s saw a series of developments heralding a period of greater US capacity and willingness to intervene, coupled with a deepening uncertainty over the desirable nature of world order. The US economy registered its longest period of uninterrupted economic growth coupled with low unemployment and low inflation since the 1960s. This, coupled with the repeated demonstration of American military prowess and lead in military technology in the Gulf War and the Balkans put an end both to the declinist theses of the late 1980s and post-Vietnam self-doubt. Additionally, the most likely mechanisms of Clinton's new world order—the UN and regional organizations particularly in Europe—had proved deeply ineffective over a range of situations from Somalia to the Balkans. As the United States was relied on to salvage a range of crises, a new realism began to sink in about the possibilities of a new world order.

In the Asia-Pacific, evidence began to mount early in the second Clinton administration that US impatience with post-Cold War institutions included those in the Asia-Pacific. As the concerted unilateral approach to trade liberalization in APEC began to stall, the United States began to agitate for a departure in early voluntary sectoral liberalization. And as the ARF's attempts to define preventive diplomacy turned into a comprehensive block to further progress in that institution, the United States moved to renegotiate its defence guidelines with Japan.

Most disturbing for Asia-Pacific states was US behaviour during and after the Asian financial crisis. Repeated statements by US policy-makers emphasized that the crisis was first and foremost an opportunity to reorganize economic, political, and social structures in the region's states. For many, this constituted evidence of a new, more muscular, interventionism on economic governance that parallelled the military human rights interventionism over Kosovo. For most, what was most worrying was an apparent willingness to invert American world order priorities.

Hitherto, the United States had paid most attention to outcomes in world politics, being largely willing to forgive political, social and economic structures as long as they were consistent with producing desirable results: non-communism, stability, economic growth. With the Asian crisis, these priorities seemed to have been inverted as the United States seemed prepared to accept regional instability and economic crisis in the interests of promoting what it considered to be more appropriate political and economic structures.

Corresponding to these unsettling developments in the principles of world order has been a fracturing of particularist conceptions among Asia-Pacific states. Previously, Asia-Pacific states had shared broad agreement on the need to protect their sovereignty and independence, from each other as much as from the interventionist impulses of the global order. A number of processes have combined to produce this range of particularist conceptions. The first has been the partial advance of democratization through the region, to South Korea, Taiwan, Thailand, the Philippines, and latterly to Indonesia. The second is the relatively faster development of the former Asian 'tigers'; the third the development of middle classes and civil society groups with moderate international linkages. These developments have eroded basic similarities of outlook not only between the new democracies and the continuing soft authoritarian states; but also between the 'original ASEANs' and the newer members in Indochina and Myanmar; and between the more vigorous trading economies and the more traditional commodity producers. Interpretations of the Asian crisis also reveal deep divisions between those who see its causes in structural problems and ill-chosen policy settings domestically, and those who diagnose its causes at the level of the global financial system.

Between an uncertain universalism and fractured particularism, Asia-Pacific regional institutions have entered a period of deep torpor and crisis. Even before the onset of the Asian crisis, inclusive regionalism was under challenge. Against strong criticism from the US and the EU, ASEAN insisted on admitting Myanmar to membership on the principles of non-interference and 'constructive engagement' in 1997. It was these principles that Cambodia used to criticise ASEAN's decision to defer its accession to ASEAN membership after the Hun Sen coup, also in 1997. As further internal problems dogged Myanmar and Cambodia, ASEAN issued statements calling for stability and reform in Myanmar and Cambodia; but in giving credence to its 'constructive engagement' justifications for admitting these members, it had begun to abandon its non-intervention principles.

After the Asian crisis, further fractures began to develop in regional structures. A major division occurred in ASEAN between a reformist coalition of the democracies (Thailand and the Philippines) plus the more developed members (Singapore), which advocated a limited repeal of non-interventionist principles, and the newer members which insisted on the value of 'solidarity' in the face of all of the challenges of the crisis. The latter were victorious at the Hanoi Summit in December 1998, but at the cost of seriously eroding the commitment to ASEAN of

its more dynamic members. The second division occurred over specific reactions to the crisis, between those demanding greater regional autonomy and those placing their trust in global solutions. Many believed that global structures had failed the region (and were even partly culpable for the depth of the crisis) and that a regional mechanism in the shape of an Asian Monetary Fund was necessary for future recurrences. They were opposed by those who insisted at the November 1997 APEC Leaders Meeting that global structures were the most appropriate response. Once again, the conservative response prevailed, again at the price of undermining commitment to regionalism.

Conclusion

While these conditions of instability and division exist at the global order and state particularist levels, the prognosis remains unpromising for regional organizations in the Asia-Pacific. The major problem is that there exists a range of different levels of attachment to the global order by regional states. At one end of the spectrum there are those states such as Singapore and Thailand, which have, if not a deep affective attachment to the world order, at least have strong instrumentalist attachment to it, believing that the principles of world order are conducive to the needs and interests of the state. Further along, there are states such as South Korea which exhibit a pragmatic acceptance of the global order, believing that existing structures and power configurations have to be worked with in the interests of the state.

At the opposite end of the spectrum are those such as Malaysia and China and some policy-makers in Japan that are to varying extents opposed to the global order, seeing it as an expression of US power and believing it to frustrate the state's needs and interests. Such states have formulated partial schemes for regional order that range from the revival of the Malaysian concept of the East Asian Economic Caucus in the ASEAN + 3 arrangement, to the Japanese interest in financial regionalism in the shape of the Asian Monetary Fund. The interesting thing about these schemes is that they are a departure from previous regional mediation mechanisms, in being not so much a filter for world order principles as partial alternatives on a regional scale. Yet they remain partially formed, being much more attuned to the particularist interests of regional states than to articulating alternative general principles to those of the universalist world order.

Thus one of the greatest uncertainties about the next decade in the Asia-Pacific concerns the health of its regional organizations. What seems to be required is a new vision about the purpose of regionalism, identifying commonalities in aspirations and aversions, as a prerequisite for revitalizing the regional organizations themselves. Such a vision will, as before, need to relate both to the contemporary principles of world order (when these are defined) and the particularist interests of the region's states. Yet while the possible sources of such a compelling vision—Japan, China, Indonesia—remain intensely focused on their own particularist policy concerns, the emergence of such a vision seems unlikely.

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13

The constructivist challenge to the debate on East Asian security in the new century

Chen Dongxiao

How should we perceive and anticipate the prospects for East Asian security—both Northeast and Southeast Asia—in the 21st century? Is this region prepared for a new millennium of peace and stability, or will it be one of the main sources of future chaos and global conflict? Western scholars have been and are still offering their observations and insights on these issues. In general, the theoretical foundation for such analyses are neo-realism and neo-liberalism, two major schools of contemporary western international relations (IR) theory. By combined analyses at structural and unit levels, they have tried to draw a picture of the region's security prospects mainly through three prisms—the 'power-structure' perspective, the 'domestic regime' perspective and the 'international institutional' perspective. Most analysts have expressed rather pessimistic views about the future of East Asian security (Brown et al. 1996; Ross et al. 1995; Alagapa 1998; Swaine and Tellis 2000; The Asia Foundation 2001).

Despite their perspicacity and wisdom, some common limitations exist in these mainstream schools of thought. When western scholars try to apply these theories and analytical tools to the study of East Asian security, they tend to neglect regional actors' (states) uniqueness in their 'identity-learning-practice' process. For instance, both neo-realism and neo-liberalism tend to define nation–states in the international arena as 'a rational strategic man' with a predestined and unitary national interest. When applied to the study of state behaviour, this underlying assumption often underestimates the diversity of identity formation, preferences, and interests of individual nations.

Meanwhile, constructivism, a newly established school of IR theory, has pinpointed the inherent limitations of conventional analytical frameworks. In constructivist explanations, each nation has its particular identity, which indicates

and implies a distinct understanding of the 'ego's' (that is, the state's) preferences, motivation, interests, and behaviour as well as the consequences thereof. 'A state understands others according to the identity it attributes to them, while simultaneously reproducing its own identity through daily social practice' (Hopf 1998, 173). Therefore, the uniqueness of each nation's identity-learning-practice process directly and profoundly influences its own perspective of national security and practice, and as a result, determines its international security practices.

International relations theory often reflects evolving trends in world order and thus provides a good roadmap for understanding global security issues. East Asia is no exception. In the sections that follow, I will outline four major theoretical perspectives on East Asian security. The first section of this chapter outlines some of the essential elements of constructivism with a focus on the identity-learning-practice process. The second to fourth sections consider the three mainstream analytical frameworks for studying East Asian security respectively versus the challenges and contributions of constructivism in this field. The last part tries to address some of the promises and problems regarding regional security multilateralism and its development in East Asia from a constructivist perspective.

Identity-learning-practice process: some major elements

Constructivism is usually regarded as a challenge to the continuing dominance of neo-realism and neo-liberal institutionalism in the study of international relations in the west, particularly in the United States (Onuf 1989; Katzenstein 1996; Lapid and Kratochwil 1996; Wendt 1999). Constructivism offers an alternative understanding of a number of the central themes in IR theory where the difference of each paradigm has its origin in epistemology, methodology and ontology (Burchill and Linklater 1995, 197–99; Wendt 1999, 33–40). Three elements make constructivism a distinct school of IR theory building.

First, constructivists argue that the *identity* (self-perception) of one state is the main source of interest formulation of that particular nation. Interests are the products of identity and intersubjective identities that are sufficiently stable to ensure predictable patterns of behaviour are the prerequisite for durable expectations between states (Hopf 1998, 174–5). In contrast to the mainstream paradigms (either neo-realism or neo-liberalism) which usually define a state's interest as given and constant, constructivists maintain that states do not a priori know exactly what their interests are and how to realize them. One of the most distinctive features is that constructivists challenge the 'rationalist' assumption (underlying neo-realism and neo-liberalism) of a state's interest as exogenously-given, and refuse (or hesitate) to regard states, or power actors as a 'rational strategic man'. For rationalists, state preferences are unproblematic—they are 'exogenously' formed and are based on a power-maximizing rationality (Hobson 2000, 145–6). Constructivists also hold that states' identities and preferences are much more malleable than allowed by the mainstream rationalism theory. In the constant interstate interaction and learning, states' identities and preferences are

capable of being molded and re-molded by norms through subtle and discursive processes of socialization (interaction with other states). Two cases are noteworthy here, one is Gorbachev's new thinking and reform in mid-1980s, the other is China's changing identity from an inward-looking 'Middle Kingdom' to a more open-minded, responsible state that is willing to integrate into the international community.

Second, constructivists stress the 'mutual constitution' between the ideational *structures* and *agents* (states). On the one hand, it is *the social normative structures* that constitute states' interests and identities. For example, Wendt claims that international social relations range from a Hobbesian condition of a war of all against all, to a Lockean culture of restraint and finally, to a Kantian culture of friendship (Wendt 1999, 246–308). But on the other hand, structures per se are the products of discursive social practices of actors. Anarchy, as constructivists assert, is only *one* of the international structures. Anarchy is an empty vessel and has no intrinsic logic of its own unless some inter-subjective set of norms and practices are filled in (Wendt 1999, 249). International structures exist only through the reciprocal interaction of actors employing constitutive rules and social practices.

Third, constructivists insist that there is no overarching determinant of one state's identity and practice in world politics. A state's identity constitution and practice can be better understood in multiple dimensions, including this state's historical evolution, cultural development, political and social institutions, as well as its economic situation. Constructivists are particularly well known for their emphasis on culture (both domestic and international) as a constitutive effect on identity and interest.

Thus, constructivism's emphasis on the socialization of international relations, interaction and the identity-learning-practice process of individual states has some important theoretical implications for international studies. Constructivists explain the nature of international relations mainly in terms of the interaction of states' identities. As they see it, the causes of conflicts and war grow partly out of the conflicting identities of states. Constructivists see 'international cooperation not in the minimalist game theoretic terms, nor as the byproduct of purely utility-maximizing behaviour by states, but as a process of social learning in which interactions produce shared understanding of reality, redefined interests and may lead to the development of collective identities to ameliorate the security dilemma' (Acharya 1999b). Finally, by positive interaction among states, socialization in international relations can gradually develop the norms of peaceful conduct of conflict resolution and ingrain them into states' security behaviour. All these points are productive in complementing and contributing to the conventional ways of thinking about East Asian security.

Structure of anarchy: balance of power or balance of threat?

A 'power-structure' perspective is one of the hallmarks of neo-realism's paradigm (Waltz 1979; Gilpin 1981). When applied to the analysis of East Asia security, this

school tends to hold that the burgeoning regional power (referring mainly to China) poses a long-term danger to Asia-Pacific security. As a rising power's comprehensive strengths aggregate and expand, so do its national interests and aspiration for international status. According to those pundits of realism, as states grow wealthier and more powerful, they not only seek greater world-wide political influence (control over territory, the behaviour of other states, and the world economy) commensurate with their new capabilities; they are also more capable of expanding their interests and, if necessary, of waging large-scale, hegemonic wars to revise drastically or overthrow entirely the established order. Some western scholars predict that a future Chinese hegemony in East Asia is a strong possibility because of its proclivity to use force because of domestic institutional flaws and external pressure (Roy 1996). Realists stress the dangers of rising power (Gilpin 1981).

Following the lines of 'established power versus rising power' pattern, realists argue that under the current power configuration in East Asia, the driving forces behind the re-strengthening military coalitions between the United States and its allies in East Asia and the looming prospect of regional arms races are all motivated by these states' desire to form a balance against the rising power, say of China (Frieberg 1996). With the 'power-structure' perspective, some scholars predict with pessimism that Asia is likely to see more international conflict than Europe, and in the long run it is Asia that seems far more likely to be the cockpit of great power conflict because Asia is evolving into a multipolar and more fragile structure in realist terms, without the mitigating factors that contribute to stability in post-Cold War Europe, such as stable democratic states, a lesser degree of interdependence, and less proclivity to war.

As constructivists have pointed out, there are two main problems with neo-realism. One lies in its tendency to prefix the interests of states as given and uniform. The other is its uni-dimensional understanding of the interaction between 'agent' and 'structure'. From a constructivist perspective, problematic neo-realist predictions and conclusions about East Asian security are manifested in several ways.

First, it is too simplistic to rush to the conclusion that a rising China, like her 'predecessors' in history (Germany before the First World War and Germany and Japan before the Second World War), will inexorably adopt an aggressive strategy to challenge the established power and to reconfigure the existing international system.

The historical record has demonstrated that the cause of war between rising and extant dominant powers is much more complex than the neo-realists have explained. There is nothing foreordained about such a war. Some of them were mainly the result of misperception and the failure of statesmanship, as even the arch-realpolitik practitioner, Henry Kissinger, has argued (Kissinger 2001, 136–7). Some of them were directly linked with prevailing national ideology and strategy, such as the dominance of ultra-nationalism and ethnocentrism in Nazi Germany.

For Japan in the 1930s, the driving force for war was also an expansionist perception of altering Japan's overwhelming dependence on overseas natural resources. It is changes in national interests and perceptions of how to achieve them that makes war likely (Van Evara 1999).

Whether China as a rising power will take a cooperative or assertive strategy vis-à-vis the existing international system has been a controversial issue since the mid-1990s. However, the bulk of the arguments, whether in support of a 'more cooperative China' or of a 'more assertive China', have been grounded in what Wendt calls 'materialist and rational ways of thinking'. Few have investigated the origin of China's national interest, preferences, and practices; even fewer have treated the idea of identity as dynamic and evolutionary. For instance, some realists attributed China's turn to assertiveness in the future to 'its historical memory of past greatness and the desire to restore previous eminence; its determination to erase the painful legacy of a century of national humiliation; its desire to recreate the traditional Sinocentric world order as a means of regulating the political and economic structures of super- and subordination; its belief that China's external security in past was primarily assured by a strong state able to dominate or at the very least neutralize the strategic periphery; and so on' (Swaine and Tellis 2000, 189).

As Wendt (1999, 324–36) has eloquently explained, national interests and practices, fundamentally speaking, stem from national identity that itself is formed through cultural selection, an evolutionary and dynamic mechanism which includes imitation and social learning. This important idea questions the static treatment of identity. While recognizing these deep-rooted elements and their effect on China's strategic culture and the formation of its national identity, constructivists also stress the significance of identity change through imitation and social learning, arguing that institutions can socialize China, and 'teach' China new interests through a complex set of ideational channels including NGOs, transnational coalitions, and domestic constituency-building (Johnston and Ross 1999; Economy and Oksenberg 1999). For instance, some scholars examining China's performance in international institutions believe that the quality of China's participation in such institutions has steadily improved in the past few years. A number of instances of China's involvement in security institutions are related to its self-image and reputation which in turn is associated with the transformation of the country's identity (Johnston 1999).

Second, a turn toward confrontation and even war is not an inevitable outcome in the relationship between a rising great power (China) and an extant dominant power (the United States). The central questions of whether the emergence of a new great power will be destabilizing—and the likelihood that established powers can and will peacefully co-exist with this rising power within the existing order—can only be answered by looking at the outcomes as the products of combined effects within the structures of the international system. For instance, the concurrent uni/multipolar world system indicates a much more complicated post-

Cold War structure for the rise of China than 'fatalists' have predicted (Huntington 1999; Calleo 1999; Kupchan 1999). Generally speaking, a multipolar structure is more conducive to the emergence of a new great power partly because the power requirements for a polar system in a multipolar system are less demanding than tri, bi, or uni-polar world structures. Thus, in international politics parlance, the emergence of China as a great power represents 'a change *within* the structure of the system (multipolar system)' more than 'a change *of* system structure as from unipolar into a bipolar one, or from a bipolar system into a tripolar one' (Schweller 1999, 6). Even by the logic of neo-realists, the complex system of world structure per se is at least one of the mitigating factors for future relations between China and America.

Moreover, there is a decisive force behind the interaction between dominant power(s) and rising power(s). In the case of Sino-US relations, the behaviour and attitudes of America towards China usually shape the features of their bilateral relations. The United States has choices somewhat similar to those faced by the British at the end of the nineteenth century. It can oppose China (and other rivals) by pressing for a seamless 'global' system that remains under its own hegemony. Or it can try to accommodate by coaxing others into a global sharing of power, with some mix of regional spheres of interest and collective world responsibilities. It is fair to say that the United States has gained some due credit as a 'benign power' rather than a predatory hegemon in maintaining status quo stability after the Cold War. However, America's exceptionalist and hegemonic instincts are not abating in the new century. America's political imagination has not really adjusted to an unfolding multipolar system. As some analysts have asserted, the real danger lies in the gap between American unipolar imagination and the pluralist trends in the real world, rather than in the gap of the redistribution of material power and the extant system itself, as neo-realists have identified (Calleo 1999, 11–12). This danger manifests itself in a series of policies that increasingly position the United States in opposition to the interests of not only China but also those of Russia and even Europe.

As a rising power, China's interaction with the existing system and dominant power(s) in particular is exerting both causal and constitutive effects on its preferences and reactions vis-à-vis the dominant power(s). The effect can be positive and negative, as constructivists have convincingly explained. Hence, the likelihood of peaceful competition and coexistence between rising and dominant powers will depend on each one's identity and how each side perceives and knows the other. This was the case with British appeasement of the United States at the turn of the nineteenth century, where the British recognized that the latter was motivated primarily by insecurity and the need for reassurance, and that its non-security aims were quite limited (Rock 2000, 25–49; Coicaud 1999). If the dominant power regards any emerging power as an enemy and adopts a policy of containment, it will become a self-fulfilling prophecy because the rising power in return is forced to take on an assertive strategy. It is the behaviour and strategy of

the dominant power that fundamentally shape the preferences and national interests of the relatively weaker one.

Third, the various security practices of East Asian states towards big power(s) lie in each state's particular perception of the regional security environment, including the source of threat; they are neither merely determined by the anarchy structure nor motivated to balance against any rising power. Following the lines of neo-realist theory, states stationed around China should have either adopted a 'balancing/containment' strategy against China in alliance with the dominant powers, or 'bandwagoned' with China. However, the emergence of China has actually led to a convergence in engagement policies across most East Asian states with a common theme of 'hedging' on the one hand, and varying degrees of engagement on the other. There are a number of factors working to influence and shape the different policies. Some of them can be subsumed in the realpolitik category, such as material power differentials and alliance opportunities. Others are in the non-realpolitik camp, including trans-governmental penetration and cross-national coalitions, degree of economic independence, identity and historical memory as well as interest perception. Nevertheless, the different perceptions of a common threat have played the most significant role in policies toward China (Johnston and Ross 1999, 280). This has explicitly showed that there is no overarching 'balance of power' logic for their strategies.

As Amitav Acharya (2000) explains, there is no consensus on external threats among East Asian states. For Southeast Asia at present, there is a shared concern over the growth of Chinese power, but no common perception of a Chinese threat; for Northeast Asian states, there is serious to moderate divergence on external threat perceptions, but a shared concern about the prospect of US-China rivalry. Again, it seems to substantiate one of the arguments often held by constructivists, that a 'balancing strategy' is not adopted by one state to 'balance' material power; rather, it reflects the state's cognition and perception of an 'external threat'. Material power growth per se does not equal a threat.

Domestic regime perspective: democratic peace or normative peace?

The 'domestic regime perspective' is both an old and new approach in IR theoretical frameworks to explain the interaction between domestic political institutions and foreign strategy and practice. Traditionally, liberal trans-nationalists often claim that democracies are inherently more peaceful than other 'inherently flawed' regimes, such as authoritarian ones. This position is severely undermined by the fact that there is little evidence to support claims for the superior inherent peacefulness of any particular form of societal, economic or government organization. However, in the past decade, the literature on democracy and foreign policy, especially 'democratic peace', is expanding rapidly (Russett 1993; de Mesquita, Jackman, and Siverson 1991; *Journal of Peace Research* 1992; Chan 1993). It contends that although democratic regimes are nearly as violence-

prone in their relations with authoritarian states as authoritarian states are towards each other, they are more peaceful between and among democratic states because such regimes posses cultural and institutional constraints against going to war with each other (Russett and Starr 1996, chs 8 and 14).

When analysing East Asian security affairs through the 'democratic peace' lens, scholars usually express a less optimistic view. First, as they explain, progress towards a norm of liberal democracy, prosperity, socio-economic equity, and post-national political culture is still at a very early stage. In East Asia there will continue to be interaction between democratic and non-democratic states. With such a diversity of regimes in East Asia, this school contends, if non-democracies are hawkish and anticipate that democratic countries (doves) will be slow to go to war, they may be more likely to threaten or bully a democracy to make concessions. That in turn would raise the threshold of 'provocation' facing the democracy and perhaps overcome its initial unwillingness to fight. The second approach is 'democratic transition theory', which focuses on states making the shift from authoritarianism to democracy. It suggests that competitors for leadership in these regimes adopt aggressive foreign policies that garner popular support by tapping into nationalist sentiments and elite support by placating the institutional remnants of authoritarian rule, especially the military. There is increasing concern among western scholars about the growth of nationalism among the Chinese people in the 1990s and its impact on China's foreign policy (Whiting 1995; Wang 1997; Swaine and Tellis 2000).

On the one hand, constructivists agree with parts of the 'democratic peace' thesis, particularly those concerning norms and culture. Two leading 'democratic peace' advocates themselves have concluded, by comparative and critical tests of the explanatory capacity of the role of cultural/normative or institutional/structural factors in preventing joint democratic conflict, that shared political and cultural norms form the hub around which democratic peace revolves (Moaz and Russett 1993, 624–8). The norm/culture approach actually consists of two strands. One emphasizes the quality of liberal democratic norms and culture. In short, elements such as perception of individual rights, expectation of limited government, and toleration of dissent by a presumably loyal opposition are conducive to the political culture of peaceful resolution of conflicts within a state boundary. Second, following the first explanation, the culture, perceptions, and practices of peaceful resolution without the threat of violence apply across national boundaries *toward other democratic countries*. Without such *shared* norms/culture for peaceful relations between democracies, peace is unpredictable. This emphasis on the shared meaning of norms/culture in determining peace comes very close to the constructivist emphasis on intersubjective understanding and expectations and the social knowledge embedded in international institutions (Wendt 1994, 385).

From the constructivist perspective, however, the democratic peace literature is still too narrow in identifying and defining cultural norms and their causal effect on peace. It has by definition coupled the absence of war to a particular type of state.

For instance, different periods of the history of both Africa and Latin America have been marked by long stretches of little or no warfare between states. These pacific periods are obviously not associated with any 'objective' indicators of democracy. How to understand these neglected zones of 'authoritarian peace' (Hopf 1998, 192)? Why does common culture, more broadly conceived, also have or not have a dampening impact on international conflict, if shared political culture makes cooperation more likely? (Henderson 1998) Does the concept of security of community have stronger explanatory power in offering the possible relationship between the growth of community and pacific relations, and making a more exacting and demanding explanation of a stable peace? For instance, the fact that the members of ASEAN in Southeast Asia have managed to settle their disputes without resorting to violence for the last three decades seems to verify the idea of a security community in a non-democratic context. As Acharya argues, liberal democracy is not a necessary condition for a security community. Moreover, there is a growing ASEAN identity that represents a potential source of collective identity (Acharya 1998).

The constructivists' approach aims at apprehending how the social practices and norms of states construct their identities and interests. They argue that certain processes can lead states to positively identify with one another. Such positive collective identification holds the key to understanding why liberal democracies rarely fight one another (Kahl 1998/99). Put simply, is it about the quality of ideas themselves—rather than the mere fact that they are shared—that leads people who reside in different territorial spaces to feel secure from organized violence in a liberal security community? What lies behind the stable peace seems to have less to do with the specific regime than with the shared norms between and among the states with regard to external threat, the use of force and the resolution of conflicts. Thus constructivists propose a research agenda which inquires into whether there exists such 'shared meanings and understandings' in East Asia, which promote collective identity, mutual trust, and peaceful change.

Institutional perspective: interest-based behaviour, but which and how?

The 'International Institutional Perspective' (also called neo-liberal institutionalism) is generally regarded as the product of neo-liberalism, combined with some elements of neo-realism. It is one of the main schools of IR theory to illuminate international cooperation. This perspective stresses the formal and informal institutions formed between and among states to push forward cooperation and further their mutual interest for survival (Krasner 1983; Ruggie 1983; Keohane 1998). It expresses pessimism about East Asia's security cooperation because of the lack of conditions for successful institutionalization that have contributed to its effectiveness in post-Second World War Europe, such as the weakness of regional security mechanisms, a short history of international security cooperation, salient conflicting rather than common security interests, diverse

cultures and the lack of a transnational sense of community (Frieberg 1996). Ever since the 1997 financial crisis in East Asia, suspicion of the future development of security cooperation and multilateralism has been escalating. The suspicion particularly involves the weak leadership of multilateralism because ASEAN is too preoccupied with its own internal troubles (Acharya 1999a).

While sharing these concerns with the institutionalism perspective, constructivists challenge the perception of cooperation on the basis of pre-given interests and binding contracts between and among states. For constructivists, national interests involve both 'instrumental values' (such as economic and security interests) and 'non-instrumental values'. The latter camp refers to national dignity and ethnic historical sentiments which are related to one's identity and are much more complex, elusive and distinct between different states (Kimura and Welch 1998, 231–2). Constructivists see cooperation not in terms of minimalist game theory, or as the byproduct of purely utility-maximizing behaviour by states.

In East Asia, three cases are noteworthy here for a further understanding of constructivist perspectives. The first one is Japan's claim for the Northern Territory in its relations with Russia. From a constructivist perspective, the key question to cooperation is not whether material interests between states exist or do not exist. The key question is how states understand or interpret their interests within a particular issue. Otherwise, it would be difficult to understand why Japan persists in seeing the reclamation of its Northern Islands from Russia as a prerequisite to further development of its ties with Russia, because those Northern Territories' instrumental values (economic and security values) are very limited. Japan's strong desire to recover those islands is not a response to the game theory process. Japan is not maximizing anything material in seeking the return of the Northern Territory, according to some analysts' explanations. Instead, the answer lies in the Japanese sense of national identity that includes the Northern Territory through a long period of socialization. Japanese believe that 'Japan will not be complete, Japanese will not feel themselves fully to be masters of their own homeland, until the foreign occupation of these islands ends, or until Japanese cease to think the islands are an intrinsic part of Japan' (Kimura and Welch 1998, 217–23). Until then, the issue will remain at the top of the Japanese foreign policy agenda. Similar conditions also help explain Russia's reluctance to return the islands. Thus, the disputes over the Northern Territory between two countries transcend realpolitik geostrategy and reflect the historic hostility and identities of the two states.

The second case is China's involvement in international and regional security institutions. As noted before, neo-liberal institutionalists' focus on how self-interested actors construct institutions to enhance cooperation prevents them from considering fully how interstate and transnational interaction can alter or socialize states' identities and interests. The institutionalist approach can only depict the adjustment of China's behaviour to the anticipated preference of others within international security institutions. Thus they tend to regard China's increasingly active engagement with security institutions as at best tactical, mainly 'coerced by

institutions' monitoring and sanctioning provision' (Whiting 1997). Constructivists, however, try to investigate further the impact of institutions on China's policy, and to figure out the underlying reasons for China's policy adjustment. As Johnston and Evan observed, China's cooperation with security institutions is multi-dimensional. More cases in China's cooperation are related to image or reputation, which is also related to China's transformation of identity. As they explained, China's self-identification has been undergoing a change and a blurring. China is caught in the 'tension in diplomacy between China's determination to show itself as an active involved participant in international institutions (new responsible power identity) and the desire to minimize commitments and constraints required by participation (traditional sovereignty-centric, major power identity) (Johnston and Ross 1999, 248–54). Although still tentative and controversial, the studies on China's involvement with the identity-learning-practice approach have indicated that the 'material and relative power maximizing' explanation fits poorly here. It is evident that China nowadays is much more sensitive to the normative constraints and image generated by participating in international security institutions than ten years ago. China is experiencing a kind of socialization under the international context of security institutions. While we are not yet certain that multilateralism or even other-regarding cooperative security principles have been socialized in China's decision-makers, at least we feel certain of their effects on China's behaviour and policy.

The third case in question is security cooperation among ASEAN members, as analyzed by Acharya (1998). Southeast Asia was once described by an American observer as 'a region without any feeling for community, without much sense of shared values and with few common institutions'. Yet it is also the first area in the Asia-Pacific region to work towards a security community, even without those immutable and predestined variables (which are stressed by rationalist and neo-realist/neo-liberal institutionalists as a prerequisite). According to one analyst's observation, ASEAN's inception and early advancement was influenced and promoted by some common security perceptions and economic cooperation. But it is also noteworthy that there was a lack of common perception of external threat among ASEAN members, and that intra-ASEAN trade volume was far less than the inter-regional trade transactions. Moreover, neither security nor economic issues were sufficient for the construction of ASEAN. Through various steps and stages, ASEAN members have deliberately created a set of norms, symbols and habits of regional existence to promote the ASEAN regionalism and collective identity. Four elements have been crucial for the process of collective identity formation: multilateralism; norms and symbols of the 'ASEAN-Way' of consensus seeking/building; informal decision-making procedures; and a shared quest for regional autonomy. ASEAN's experience again challenges the rationalist and materialist foundation of cooperation assumed by institutionalists. It is better explained by constructivists who emphasize the process of social learning in which interaction produces shared understandings of reality, redefines interests and may

even lead to the development of collective identities that could ameliorate the security dilemma.

Constructivism's challenge and promise: can the concept of a security community thrive in East Asia?

Since the end of the Cold War, the development of East Asian security has been quite complex and multidimensional. There is no overarching security architecture at present. In the near or mid-term future, East Asia is still unlikely to develop a single model of regional security structure. Security mechanisms will remain diverse, with mainly three strands of mega-trends. One is multilateralism, though it is still at an early stage. The second is the balance of power, partly manifested in the form of re-strengthening the regional alliance systems. The third strand is dynamic bilateral interaction, which has become increasingly pronounced in the past few years (Baker and Morrison 2000, 9–18; Xinbo 1999, 81–3).

As some analysts have observed, these trends co-exist and mutually interact. For instance, the intense bilateralism of recent times indicates not only the lack of a sustainable security architecture, but also enormous uncertainty confronting this region, regarding both the development of multilateral security arrangements and the alliance system (Naidu 2000).

However, the future and promise of East Asian security in the 21st century does not depend on alliances and the balance of power, which are mainly built on the neo-realist and power-structure perspectives, and dependent upon static and cyclic interpretations of international politics. Instead, multilateral endeavours, despite their preliminary nature and frustrations, will stand as a challenge to the extant regional security situation and promises future stability and a security community in East Asia.

Multilateral security architecture (or multilateralism) is one indicator of a mature security community. According to Emanual Adler and Michael Barnett (1998, 55), multilateralism involves a higher degree of consensus in decision making, conflict resolution and conflict adjustment among community members than other types of interstate relations. This system also reflects a high degree of trust that common interests will be handled through consensual mechanisms that automatically incorporate the interests of all members.

When keeping this ideal conceptual framework in mind, we find that the concurrent East Asian regional multilateral endeavours are still at a very nascent phase of a truly established and mature multilateralism. It is therefore even further away from becoming a security community. Whether it can serve to precipitate mutual trust and the collective identity of a security community will be determined by an array of factors. These involve regional strategic attitudes regarding the threat and use of force, the pace of regional political and economic integration, the interaction among members and their willingness (especially the regional big powers) to embrace the concept of multilateralism, and finally, the concerted effort

by regional members to create a sense of collective identity (Acharya 2000; Xinbo 1999, 81). In particular, East Asian multilateral endeavours will have to live with the reality and challenge of its regional security condition, and intensify efforts to remove some inherent obstacles to the positive interaction of states.

The first positive element in the East Asian security prospect is a general negative cultural attitude towards war as a mean of conflict resolution. War has not served Asia well in the minds of its people. The history of war in East Asian countries is not preserved as glorification but suffering. The memory of war, in general, is not to reinforce the image of a warrior-state, but to stress the value of peace and peacemaking (Berry 2001). Moreover, some of the common themes in East Asian strategic cultures, such as a long-term view of policy-making and conflict resolution, the equality of cultures, consensus building and informal incrementalism, all contribute to peace and a conflict-averse culture (Trood and Booth 1999, 339–41).

Second, the extant regional and sub-regional security instruments can still work as a norm-triggering platform to buttress a future multilateral mechanism. Existing bodies, such as ARF and its matrix, ASEAN, because of their ample experience in peaceful resolution in multilateral processes both among the member states and with outside powers, have been established for constructive dialogue and non-violent norms and cultures. ARF's prominent traits such as 'cooperative security', its emphasis on 'inclusiveness' and a 'gradualist approach' are all conducive to an atmosphere of creating norms of peaceful rather than military resolutions of disputes. So is ARF's objective of fostering the habits and mechanisms of constructive dialogue and consultation on political and security issues, even if this 'ARF way' has been questioned and discounted as less effective (Acharya 1998).

Third, the big powers' participation and their capacity to diffuse the norms of peaceful resolution, constructive dialogue and mutual confidence and trust are indispensable elements for the survival and effective operation of the multilateral security institution.

Because ARF was initially established as a partial response to territorial disputes (South China Sea) with China and concern about US military re-adjustment in East Asia after the Cold War (Antolik 1994, 125), it would be unthinkable without the commitment of the big powers concerned. This problem has been exacerbated after the Asian financial crisis because ASEAN members are preoccupied by domestic problems, and their leadership of regional security institutions (such as ARF) has been seriously questioned. Fortunately, the past few years have seen an increasing interest and willingness by big powers to embrace multilateralism, including engagement with ARF, though at a different level of participation, and to address security concerns and disputes through this forum.

China's engagement with regional multilateral security institutions such as ARF has been widely recognized as a significant contributing element, not only to encouraging the development of multilateralism and the pursuit of common

security, but also to bringing about and spreading these traits and norms to other areas, including Northeast Asia (Acharya 2000). However, China's government also takes a 'realistic' position towards the transition and transformation of multilateral institutions. For instance, China does not support a quick shift of ARF from confidence-building to 'preventive diplomacy' largely because she recognizes the diversity of member states' identity as well as the time-consuming and complex process of solidifying the norms of confidence building and a dialogue-oriented resolution of conflicts. Meanwhile, it is worth noting that China's involvement in multilateral institutions has promoted China's confidence and further interest in deeper and broader participation, and improved the quality of her cooperation (Johnston and Evans 1999).

The US position and attitude towards regional multilateral institutions is another determinant of the development of multilateralism. Up to now, the US government has been quite ambivalent and reserved about it. On the one hand, the United States has, in principle, offered explicit support to the construction of multilateralism and the idea of a security community (Blair 2000). On the other hand, however, the United States has explicitly and implicitly expressed suspicion of the regional multilateral institutions in East Asia. Some Americans see the regional multilateralism as a threat to the US bilateral alliance system. Others simply discredit the practical application of ARF as a useful body in resolving substantial security disputes in this area. The United States accords unilateral means, bilateral alliances and military approaches with the highest priority (The Asia Foundation 2001, 27–42; Kelly 2001). The Americans' suspicion of regional multilateralism and their stress on unilateralism and bilateralism has caused a lot of uncertainty among regional states and has had a negative impact on multilateralism.

Fourth, the biggest challenge for East Asian regional multilateralism continues to lie in diverse identities among regional states, especially among big powers (such as the United States and China), despite the fact that states in this region have a shared interest in a peaceful and stable security environment and increasingly benefit from growing economic integration among themselves.

The United States' status as a military and economic superpower with 'cultural exceptionalism' as well as its flamboyant optimism about its future, has made one American 'convinced that we know the way—politically and economically—and that therefore we have an obligation to lead others to a better future' (Maynes 2001, 50). Having such an identity as a 'destined leader', the majority in the United States seem quite concerned about how to maintain this supremacy. Therefore, US perceptions and interpretations of international regional security are quite different from those of other states, particularly developing ones. For instance, in the post-Cold War era, ideas and concepts such as 'hegemonic stability', 'unilateral security', 'absolute security', 'military security', and 'alliance security' have continued to attract both security analysts and policy-makers in Washington. These elements do not go in parallel with the emerging and constructing new concepts in

regional security practices, such as 'cooperative security', 'mutual security', 'relative security' and 'comprehensive and non-alignment security' (Xinbo 2000).

The transition and transformation of China's identity is also a causal element in regional trust-building and collective identity construction. How do we define and identify China's national identity in international politics? Is it in transition from traditional great power state to a modern one with more emphasis on multilateralism and interdependence? Some observers hold that China is still a conventional nationalist state driven by a conviction that a strong state is the solution to China's crises and quest for power and wealth (Hu 2000). Some others are more optimistic, believing that multilateralist elements and norms have been (or are beginning to be) 'socialized' (Johnston and Ross 1999, 252). While controversial, one thing regarding China's international identity seems quite certain: China still finds itself in conflict with the dominant (western) identity in world politics, still viewed as being on the periphery, illegitimate and often anachronistic in terms of its international identity (Hu 2000, 57–9). This is particularly true if it is viewed from western-dominated international relations theory and ethnocentric western culture (which is also inexorable and inevitable as long as western powers continue to dominate IR discourse).

Some observers blame China's domestic political institutions, such as its lack of political liberalism. The implicit assumption is that, without the shared political culture and political institutions of the core big powers, China will continue to be an unstable, alien and unpredictable state, which may be a threat to the status quo. How and when China will develop a liberal political culture and institutions, though an interesting question, is not what we are here to address. Such liberal political norms and institutions, beautiful as they may be, cannot be imposed on China in its current political, economic and social condition. This is also the common belief shared by the majority of the regional states in East Asia (The Asia Foundation 2001, 12).

As demonstrated here, liberal democratic norms or institutions do not constitute a necessary condition for regional stability and peace. Therefore, the crux of the question is how the norm of multilateralism could be cultivated and ingrained in China's security practice. In this regard, the international normative structure and international interactions in which China's national identity is 'embedded' have been significant.

One the one hand, China's multilateralism is still very weak and fundamentally 'instrumental', and is yet to be 'socialized' (Wang 2000, 78–9). But on the other hand, such a 'limitation of socialization' in China's multilateralism reflects the stark reality of conflicting normative systems in international politics to which China is exposed. As one analyst observed, 'Interactions with the international environment not only expose Chinese foreign policy makers to the principles of multilateralism, they also teach the Chinese other norms.' As a matter of fact, China's experience in the past century, from the two World Wars and Cold War to the post-Cold War era, mainly confronted the country with, and only confirmed,

the central tenet of realism in Chinese thinking. It is also true that in the past decade, China's surging nationalism has largely been in reaction to external pressure (Zheng 2000, 109–12). Furthermore, the parallel strategy of balancing and engaging policy adopted by Washington has been a source of uncertainty for Chinese policy makers. By keeping these elements in China's identity equation, the so-called 'peripheral quality' of China's identity in international politics does not sufficiently vindicate the argument that China's multilateralism is simply strategic on the part of the Chinese government, as realist analysts are ready to insist. Rather, it demonstrates how significant it is in the international normative context to socialize an individual state's identity. If Wendt is correct to characterize the international normative/cultural context into different levels and categories, his insights are much more incisive when he observes the difficulty and complexity of the transformation from one old normative culture into a new one in which the individual actor's identity is embedded, transformed and reconstituted (Wendt 1999, 247–312).

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Australian-American relations in the new century: applying resuscitation or pursuing illusions?

William T. Tow

More than a decade after the end of the Cold War and with Australian forces set to embark upon a major military intervention in the Persian Gulf along with their American and British counterparts in early 2003, it is appropriate to measure how effective the Howard government has been in 'resuscitating' the US alliance—its core foreign policy commitment since taking office in early 1996 (Liberal/National Parties 1996). The Australia-New Zealand-United States alliance, or ANZUS, as it was originally designated, was drafted and signed in September 1951. New Zealand, the third founding member of the original agreement, was extricated from the alliance in 1986 due to its anti-nuclear stance. The first year of the George W. Bush Jr administration was marked by both American security officials and their Australian counterparts lauding the 50th anniversary of that alliance (Powell et al. 2001; Reith 2001). Subsequently, the identity and credibility of that alliance has been tested by the global war on terrorism and by the Bush administration's tendency to promote alliance loyalty as the major basis for sustaining security ties with Australia. Prime Minister Howard largely complied with President Bush's expectations but, in doing so, may have tested Australian public support for Australian-American strategic collaboration more than any other Australian leader in recent times (Kelly 2003).

The story of ANZUS over the past decade has been how Australian and American defence planners have interpreted and adjusted to immense and ongoing structural change in international relations. Australia shifted from a Cold War posture of 'forward defence', anticipating its forces fighting alongside major allies in distant Asian locales against ideological adversaries, to one emphasizing

'defence self-reliance', demanding flexibility in strategic planning in a less strategically predictable region. Throughout 2002 and early 2003, however, Australia's strategic posture was adjusted to emphasize Australian Defence Force (ADF) involvement in American-led coalition operations further afield, and to move toward greater and more flexible force mobility (Department of Defence 2003). The threat of international terrorism had become the most compelling factor in Australia's strategic thinking.

Yet pressing regional security challenges loomed precipitously, a condition acknowledged by official policy statements (Department of Foreign Affairs and Trade 2003a; Department of Defence 2003). Disruption of Northeast Asia's great industrial economies, endemic fragmentation of Southeast Asian polities and instability in the 'inner arc' from East Timor through Papua New Guinea to the Melanesian islands were all potential contingencies. In the rapidly evolving Asia-Pacific security environment, the American alliance still represented a fundamentally welcome strategic hedge for Australia, as that accord is underwritten by fundamentally shared values and interests. Questions were increasingly raised, however, over the extent to which the Howard government's perceived tendency to over-emphasize alliance loyalty enhanced or undercut Australia's international standing in the eyes of many regional and international elites who opposed American military intervention against Saddam Hussein and feared what they regarded to be the intensification of American unilateralism.

US strategists, no less than their Australian counterparts, are confronted with global structural changes that demand new strategic thinking. Even before September 11, the Bush administration had argued that the global threat environment confronting the United States is far more fluid and uncertain, involving such 'new' concepts as homeland defence, area denial, anti-access, and surge capabilities (Powell et al. 2001; Krepinovich, 2001). Following the terrorist strikes against New York and Washington, it has insisted that the United States is moving into an era where the American homeland will be vulnerable to not only international terrorism, but to other threats. It has defined these as emanating from both hostile state-centric power centres (i.e. Iraq, Iran and North Korea) and sub-state terrorist organizations hostile to the United States capable of launching nuclear strikes or employing other weapons of mass destruction (WMD) against US targets. In September 2002, Bush announced a new American National Security Strategy that focused on 'preemption'—eliminating potential adversaries' WMD capabilities—in lieu of traditional postures of deterrence and containment (Bush 2002).

The Bush administration reasons that allies such as Australia are expected by Washington to supplement American force planning in meeting these threats. The American journalist Thomas Friedman has even argued that the 'old NATO' will likely be replaced as a military alliance of three like-minded English-speaking maritime allies—the United States, Britain and Australia—that can project mobile forces over long distances to fight limited conflicts on behalf of democratic nations

(Friedman 2002). Australia will also likely be viewed as a key participant with the United States in integrating existing US defence relationships in the Asia-Pacific with existing multilateral arrangements in the region, including the ASEAN Regional Forum (the ARF) or the Asia-Pacific Economic Cooperation (APEC) group (Blair 2001; Tow 2001). Because Australia's natural geographic purview lies within the Asia-Pacific, Australian-American defence relations may well revert to a predominantly regional context over the longer term, combining bilateral alliance features such as force interoperability and logistical coordination with regional coalition operations such as peacekeeping in East Timor and patrolling Southeast Asia's littorals.

This chapter assesses the prospects for the Australian-American alliance to realize an identity that strikes a judicious balance between regional and global geopolitical imperatives. Initially, Australia's strategic identity as it is shaped by the need to calibrate its American alliance with its quest to be accepted by its Asian neighbours will be briefly reviewed. How attaining that balance may become more complicated by the Bush administration's evident insistence to focus on a relatively 'unilateralist' concept of national interest will then be discussed. Finally, the need to avert alliance policy disunity over Iraq, North Korea and a more powerful China will be evaluated. If not managed carefully, these factors could strain alliance relations. The probability of alliance dissolution remains small. But the stakes in avoiding this possibility are so great as to merit analysis of what could go wrong in order to avoid any such contingency.

Australia's regional security 'identity'

International relations theorists have recently focused on how perceptions of 'otherness' complicate politico-security issues between people and states (Wendt 1999; Campbell 1998). Various analysts concerned about Australia's regional security identity have referred to these perceptions in advocating a 'reconstruction' of Australia's 'profile' to one more compatible with Asian cultures (Fitzgerald 1997; Dalby 1996). Other observers note that post-Cold War security politics have led to Australia becoming a 'torn country', caught between western and Asian civilizations. This school of thought argues that Australia's future wealth and security could be better realized if it adopted a 'Pacific power' identity by developing intensified ties with the United States as 'the leading power within western civilization' (Huntington 1996). The former perspective coincides, at least in part, with the regional engagement strategy of the Hawke/Keating governments; the latter approach could be equated to the Howard government's geopolitical preferences (McDougall 1998). Both strategies are predicated on a regionally active American ally underwriting Australia's search for 'the right balance' between alliance maintenance and cultivating more extensive and deeper Asian ties. But their differences underscore an implicit recognition within Australia's wider body politic that the country's long-term role in the Asia-Pacific has yet to be precisely defined or implemented with total clarity.

Some consensus about Australia's regional security role appeared to be emerging by the end of the 1990s. Australia's Coalition government preceded preparation of its 2000 Defence White Paper by conducting an extensive public review of defence policy (Department of Defence 2000). The outcome was general public support for a substantial increase in defence outlays over the ensuing decade, and a national security approach that was largely accepted in most political quarters as a prudent and forward-looking strategic posture appropriate to Australia's regional environment and circumstances.

Following the September 11 attacks, however, what bipartisanship that may have existed between Australia's major parties was shattered. A widening gap developed between the Coalition government and the Labor Party opposition over how Australia should best respond to the new international security environment. Impelled by its prime minister's presence in Washington during the terrorist attacks, the Australian government quickly activated Article IV of the ANZUS Treaty to signal its involvement in the Bush administration's global war on terrorism (White House 2001). The image of an Australia under siege from terrorist threats was further intensified by the bombing of its citizens at two nightclubs in Bali during early October 2002 and by Howard's subsequent observation that any Australian Prime Minister would need to consider pre-emptive strikes in neighbouring countries harbouring terrorist threats (Burton 2002). The Prime Minister refused to back away from this position, notwithstanding the visible condemnation it generated among Southeast Asian policy elites, hardening their already strong perceptions that Australia was assuming the role of a 'deputy sheriff' in the Asia-Pacific to enforce US strategic interests. In subsequent meetings with their US counterparts, moreover, the Australian foreign and defence ministers postulated the imperative for Southeast Asian states to collaborate with Australia and the United States to defeat terrorism and justified Australia's support for President Bush's projected military intervention against Iraq (*Washington File* 2002).

Australia's Labor Party, acting in the role of the country's major political opposition, served notice that it had serious concerns about the United States becoming more inclined than previously to adopt unilateral approaches and asserted that Australia's national interests may not always coincide with US policy (Crean 2003). It further posited that where Australia disagrees with the United States on the latter's policies toward the environment, China, trade, or other issues it should do so openly and honestly while still keeping the overall importance of the alliance central to its policy calculations. To offer any less than well considered dissent when US interests and policies appear to be clearly at odds with Australia's own and with those of other US regional friends and allies, it argued, would be more sycophantic than strategically constructive from both the Australian and American vantage points (Brereton 2001). Labor's calculation is that the Australian-American alliance is sufficiently pliable and robust to accommodate intermittent and sincere differences of opinion.

Increasing alliance strains in the absence of an obvious mutual threat hardly surprise classical alliance theorists who warn that any security cooperation arrangement remains viable only so long as its affiliates' national interests are compatible. Indeed, Labor Party leader Simon Crean found himself caught between anti-war factions within his own ranks and an American administration increasingly concerned about Labor's propensity to support the American alliance. His efforts to steer a middle course by tying his own support for yet another Persian Gulf conflict to the United Nations' endorsement that was clearly not forthcoming and to the primacy of Australia's regional security environment failed to translate into domestic political gains. By early March 2003, Labor's pleas to focus more on regional security appeared to be increasingly prescient, however, as North Korea's erratic strategic behaviour affected the Howard government's evolving defence strategy. Possible Australian involvement in future regional missile defence initiatives drew warnings from Labor spokespersons and from Chinese officials that an extensive Asia-Pacific arms race would be the primary by-product of an anti-North Korea initiative (Australian Broadcasting Corporation 2003; Davis 2003).

Australians are becoming more uncertain over their country's future regional identity. They ponder their country's ability to manage the emerging security challenges posited by a divided Indonesia, a diplomatically moribund Southeast Asia, a turbulent South Pacific, an increasingly volatile Korean peninsula, and a China growing strong. Confronting these problems will require levels of diplomatic skill, economic viability and strategic influence that may be beyond Australia's current capacity to project because it is regarded as too dependent upon American prosperity and military power. Critics cite Australia's failure to gain membership in the ASEAN + 3 grouping, and its dependence on US military technology and logistics, as examples of the costs of its close association with America (Brown and Rayner, 2001). China and various ASEAN states remain unconvinced that Australia is actually prepared to reconcile its geography with its past culture and history.

Southeast Asian states still tend to view their security relations with both Australia and the United States in an ambiguous, even inconsistent, way. This renders the 'identity issue' less critical to regional alliance politics than might otherwise be the case. Most ASEAN states do not view ANZUS as a distinct security entity directly related to their own region, and most have appreciated that security pact's role in maintaining a US security presence in their neighbourhood (Anwar 2001). Nevertheless, Australian 'values' which appear too closely aligned with American or western norms threaten to isolate Australia from Southeast Asia.

The unfortunate (if inaccurate) 'deputy sheriff' perception of the Australian-led intervention in East Timor during late 1999 is a case-in-point (Baker and Paal 2000; Dupont 2000). Efforts by the American delegation at the 2001 Australia-United States Ministerial (AUSMIN) meeting to defuse that image of Australia that had been disseminated by the Asian media only confirmed how seriously

Australia's standing in the Asia-Pacific was challenged. A sequence of unrelated developments had already reinforced Australia's identity problem with Asians in this regard. Pauline Hanson's anti-immigration arguments in rural Australia and the Howard government's rejection of UN criticism over Australia's refugee policies alienated many Asian elites as they perceived, however inaccurately, a resurgence of 'White Australia' sentiment. Australia's escape from the most serious ramifications of the Asian financial crisis, and the Australian government and media subsequently and properly extolling this fact, was seen as self-appointed triumphalism in at least some Asian circles. Indonesia's cancellation of its bilateral security agreement with Australia during the East Timor crisis' intensification was an expression of Jakarta's frustrations, and a graphic illustration of Australia's identity problem in the region.

Australian observers less attuned or sympathetic to Asian temperaments might well conclude that such instances merely expose the inadequacy of various political norms and institutions in the region to face and resolve successive crises. Yet there is a danger that both Australia and the United States may focus too much on Asian states' paralysis in moving toward those values and strategic outcomes Australians and Americans would prefer at the expense of ascertaining how those states' strategic perceptions and priorities may be modified to coincide with alliance interests.

American unilateralism

During his presidential campaign, George W. Bush argued that if the United States remains a humble nation, but strong, the world would welcome it as standing alone in terms of world power even if it promoted a version of 'international freedom' that may not be welcomed by its competitors or even always by its friends (Bush 2000). Very soon after assuming the presidency, Bush found this proposition to be tested sharply with the United States rejecting the Kyoto treaty on carbon dioxide omissions, opposing the International Court of Justice, ignoring allied apprehensions over missile defences, failing to support international regulations for limiting small arms trade and withholding its support for a protocol at the biological weapons convention. By August 2001, European public opinion polls demonstrated high levels of dissatisfaction with the Bush administration's style of global diplomacy (Knowlton, 2001).

The intensification of the Iraq crisis in early 2003 further divided the United States and Europe, with long-time NATO allies France and Germany joining Russia to oppose the American, British and Australian use of force against Saddam Hussein. By early March, US policy officials were speculating openly about the United Nations Security Council's 'future relevance' while much of Europe was divided sharply over the extent to which the Bush administration was pursuing a unilateralist brand of geopolitics that threatened to push the world to the brink of conflict in the Middle East and beyond. In Asia, Japanese policy-makers remained supportive of US policies, especially as North Korea moved toward restoring its

nuclear weapons production capabilities. But South Korea's leadership, including newly elected President Roh Moo-hyun, became increasingly concerned over President Bush's refusal to negotiate directly with a North Korean regime that appeared genuinely concerned that it would follow Iraq as a target of the American drive to neutralize so-called 'rogue states' (French 2003).

These trends reflected a fairly consistent adherence by the Bush administration to the politics of national interest over that of international community-building. Under its tutelage, the United States would act on the basis of pursuing a strictly defined set of national security imperatives rather than defer to a broad mantra of humanitarian values or institutional prerogatives. It would not dictate to other countries but would not hesitate to dissent from the wider 'international community' if it believed its vital interests were being undermined by complying with international obligations, or by those international commitments that may require that the sovereign rights of the American electorate be moderated (Rice 2000). Critics assert that neither American vital interests nor the threats that could have specifically undermine them has been defined by President Bush or his advisers very consistently or very systematically (Dewar 2001; Klurfield 2001).

American defence planning has been a major focus of concern in this context. During the first half of 2001, the Pentagon's quest to redefine American national security interests and priorities oscillated between the promise of strategic innovation and the quagmire of factional strife. President Bush and his Secretary of Defense, Donald Rumsfeld, entered office in January of that year pledging to fashion a new 'structural framework' for overall US global strategy and force configuration. Bush's new defence team argued that the Clinton administration had lost sight of America's core security needs and requirements in its efforts to apply US power to resolve a plethora of humanitarian crisis (Rice 2000). Less than six months after taking office Rumsfeld was at odds with most of his military chiefs over force priorities and expenditures, while his president slashed available financial resources for new defence programs by engineering a massive tax cut for the American electorate. An ongoing Quadrennial Defense Review became mired in inter-service rivalries and Congressional oversight, with such programs as missile defence, force restructuring and information warfare subject to rigid scrutiny by those elements of the US policy community who felt that they were initially excluded from the early days of the new administration's strategic deliberations (Shanker 2001).

The aforementioned National Security Strategy, with its emphasis on pre-emption against WMD threats, dovetailed with Australia's reassessment of its national security approach in the aftermath of September 11. As the United States was reorienting its strategic posture to preclude attacks against the American homeland, Australia was moving away from structuring its forces to defend against a conventional military attack. Strategic terrorism, WMD proliferation and growing regional instability were assigned higher priority, and future ADF deployments were projected to be part of a coalition global power projection led by

the United States (Department of Defence 2003). This correlated neatly with the American pre-emption doctrine but questions remained how Australia's future force configuration would be tailored—and paid for—to fulfil the new alliance agenda (Allard, 2003; Barker 2003; Dupont 2003).

These developments have combined to form a void that, if left unfilled, could test the fabric of the Australian-American alliance. The United States appears to be out of step with many of its traditional friends and allies' expectations on how it should lead the world. To date, Australia has remained a conspicuous exception to this emerging alienation.

Against this backdrop, it may be useful to focus on two key components of the Bush administration's prospective approach to Asia-Pacific security as they relate to Australian-American relations: first, prospects for Australia reaching a free trade agreement with the United States as a balance for Australia's possible exclusion as a full-fledged regional player in Asian economic institutions and arrangements; and second, the danger of alliance policy disunity over how a stronger China should be managed relative to both Australian and American national interests. These questions are important empirical issues that will test Australian-American alliance relations if the Bush administration continues along its current unilateralist course, and as Australia confronts the need for it to reconcile its alliance agenda with the vagaries of regional geopolitics.

Free trade as geopolitics

Much has been written about the financial implications of the Asian financial crisis but the longer term geopolitical implications of that event have remained under-assessed (Dibb, Hale and Prince 1999). Four years after the event, the vulnerabilities that precipitated that crisis are still largely unresolved and Asian elites have become more inclined to adopt policies of exclusion for organizing and safeguarding regional prosperity and security. The emergence of ASEAN + 3, for example, appears to be a rejection of the 'open regionalism' trading model supported by Australia and the United States through APEC in favour of one that embraces the theme of 'Asia for Asians' in the areas of trade and financing. Australia, in particular, appears to be isolated from membership in this new grouping by those in the region who argue that its credentials to be regarded as a genuine regional economic and strategic partner are suspect and that it would merely act as a US proxy if granted entry. They have pointed to Australia's initial opposition to an Asian Monetary Fund proposal advanced in 1997 by Japan, and to what they believe was a premature drive to link the ASEAN Free Trade Area (AFTA) with the Closer Economic Relations (CER) arrangement between Australia and New Zealand (Dodd 2000; Ghazali 2001).

The Howard government has admitted that Australia would eventually like to join ASEAN + 3 but has also recognized that its prospects for doing so in the near future are remote (Calvert 2000; Downer 2001). Australia is faced with the perception that it does not share the cultural affinity that unites East Asian states

against an international financial sector they believe is led by the United States and the International Monetary Fund (IMF) and that discriminates against their own methods of economic management. As a result, Australia has begun shifting away from any commitment to secure export markets through multilateral agreements, and toward enhancing its trading position through bilateral negotiations with individual countries. Decreasing prospects for a new round of World Trade Organization (WTO) trade negotiations have further strengthened the appeal of bilateralism as a means for Australia to pursue trade gains and to break out from its intensifying sense of geopolitical isolation in the region. Within Asia, Singapore and Thailand both appeared to dissent from ASEAN's majority posture of opposing closer AFTA-CER economic links and both moved to initiate bilateral free trade ties with Canberra. Singapore's relatively open, service-oriented economy offers many compatibilities to Australia's own and a bilateral free trade accord was indeed signed between these two countries in February 2003 (Department of Foreign Affairs and Trade 2003b). Thailand views its security cooperation with Australia in regional peacekeeping as a natural basis for creating 'spillover' in areas of economic collaboration (Sheridan 2001a).

The major prize of any such bilateral strategy for Australia, however, would be to reach a free trade agreement with the United States. Much speculation has appeared in the Australian press about the Howard government's determination to lay the groundwork for such cooperation and about the favourable inclination of the Bush administration and key members of the US Congress for Australia to realize this objective. Negotiations on free trade were formally announced in November 2002 by US Trade Representative Robert B. Zoellick with the objective of reaching an agreement sometime during 2004. Australia's Labor Party has been generally supportive of the concept, but insists that a future Labor government would need to review any understandings reached with the Americans by Australia's current leaders (Kelly 2001; Office of the United States Trade Representative 2002).

There are clear advantages for both Australia and the United States in reaching such an accord. It would accelerate what is already Australia's second most important trading relationship (after Japan) and give it access to an American market that already has surpassed Japan to constitute Australia's top service export customer with 15.1 per cent of total exports (Department of Foreign Affairs and Trade 2003a, 144). A free trade agreement could lay the groundwork for the removal of American trade barriers against key Australian agricultural products (dairy products and sugar in particular) and increase prospects that American agricultural subsidy programs directed against the European Union would not be targeted against Australian farmers as well. It could eradicate long-standing US barriers against Australian textiles and transport products (such as catamaran ferries, where Australia remains a world leader). One recent Australian study commissioned by the Department of Foreign Affairs and Trade estimates that a bilateral free trade agreement unencumbered by 'exceptions' would increase

Australia's total trade volume by almost $A4 billion by the year 2010 (Berkelmans et al. 2001). An Australian-American Free Trade Agreement could also breathe new life into multilateral trade politics, reinvigorating APEC through the United States negotiating similar accords with Singapore, Vietnam, New Zealand and South Korea. This pattern would undercut moves by other Asian economies to form trade blocs as an alternative to APEC's trade liberalization agenda. Australia would also be better cushioned from the impact of any Free Trade Area of the Americas (FTAA) that could form as an expansion of the North American Free Trade Agreement (NAFTA).

Posited against these rationales for pursuing a Free Trade Agreement is the risk of dashed expectations in the trade sector spilling over to affect security ties. Irritants in Australian-US trade relations continue to belie cheerful government media releases and sensational headlines promising instant gratification in this policy sector. The Bush administration instituted an appeal against the World Trade Organization's finding on lamb tariffs, which benefited Australian and New Zealand agricultural exports, with a letter written by Zoellick—otherwise regarded one of the most forceful advocates of an FTA. The longer term problem, however, looms in the US Congress where President Bush confronts the same type of resistance that confronted Bill Clinton in granting the chief executive fast-track trade legislation (or 'Trade Promotion Authority' as it has been redesignated by the Bush administration). Such legislation would allow the president to negotiate an agreement with Australia that could then be presented to Congress as a package to be accepted or rejected in its entirety. Under these circumstances that body would no longer have the ability to attach protectionist amendments to the legislation. Without such a constraint, Congress would not find it difficult to modify any trade liberalization initiatives in the interest of satisfying the economic interests of local and diverse agricultural constituencies. Even so, Australia's trading interests, which constitute only a minor blip on the American global trading radar screen (Australia takes in only about 1.6 per cent of US exports and accounts for a miniscule 0.7 per cent of its imports), could be readily subsumed by the Bush administration's preoccupation with developing trade in the United States' own hemisphere. The already substantial trade imbalance between the two allies, which favours the United States, could become a lightning rod for Australian national humiliation, and a basis for future Australian governments reassessing how the overall American relationship relates to the Australian national interest (Brenchley 2001).

The China factor

China represents the most daunting long-term regional security challenge for the Bush administration and a potentially divisive issue for the Australian-American relationship (Tow and Hay 2001). Although North Korea's nuclear behaviour perhaps constitutes the most immediate threat to regional stability, how China responds to Pyongyang's idiosyncratic postures will largely set the context for

overall regional stability in the Asia-Pacific for years to come. The Korean nuclear question cannot be resolved without China applying its influence constructively to induce Kim Jong-il's North Korean regime to temper its strategic behaviour. Over the longer term, China's successful integration into the regional and international community as a peaceful and positive force for order and stability will be the most important component of Asia-Pacific security politics.

During his presidential campaign, Bush characterized China as America's 'strategic competitor'. In early April 2001, a US Navy EP-3 spy plane was involved in a mid-air collision with a Chinese fighter plane carrying out aggressive manoeuvres against the American aircraft, forcing it to make an emergency landing in Hainan. While both China and the United States exercised laudable strategic restraint in resolving that particular crisis, the ramifications of the incident were quickly felt by Australia. Two weeks after the EP-3 collision, two Australian guided-missile frigates and a supply ship were intercepted by a PLA naval patrol ship as they were sailing through the Taiwan Strait and directed to retreat from that location. Although the Australian ships ignored the PLA's demands, claiming the right of innocent passage through the strait, and proceeded without further challenge, this incident brought home to Australian policy planners that the ANZUS affiliation was regarded by their Chinese counterparts as an unwelcome element in what may be an intensifying long-term process of Sino-American strategic competition (Lague and Saywell 2001).

Since September 11, Sino-American tensions have dissipated in light of other crises preoccupying both Chinese and US policy planners. The Bush administration, in particular, has assumed a visibly more balanced position on relations with Beijing. Secretary of State Powell related to China's outgoing Ambassador to the United States in late January 2001, for example, that China was not viewed as America's 'inevitable foe', a message he repeated during his visit to Beijing in July. Yet other American policy factions, both within the Bush administration and in Congress, still entertain a hostile view. They wish the President to focus on the 'China threat' in terms of its rising military power, its hostility toward Taiwan and its suspect human rights record. They were particularly keen to capitalize on presidential candidate Bush's support for the Taiwan Security Enhancement Act (TSEA) that encouraged upgraded US military ties with Taipei (TSEA has not been passed into law). They also support the introduction of theatre missile defences to augment Taiwan's defence capabilities. While President Bush has thus far refrained from transferring such technology to Taiwan, he has directly linked Chinese behaviour in the Taiwan Strait with future propensity for such introduction (Mufson and Milbank 2001).

Those in both Australia and the United States who are concerned that the Bush administration may eventually lose control of the United States' 'China policy' point to several major concerns:

- The President's instincts are shaped by deeply conservative values that may gradually turn him into a hard-line China opponent if what he

perceives as fundamental US national interests are tested too frequently by the Chinese;

● The Chinese have not and will not accept the missile defence rationales posited by the Bush administration. This will play into those within Beijing's leadership that are looking for 'an American enemy' to solidify their domestic political positions after the Chinese Communist Party's 16th Party Congress in 2002, where major leadership changes took place; and

● American unilateralism will not translate into the sophisticated US diplomacy needed to avert growing resentment by China, Russia and even Western Europe, and to affect a new global power balance predicated on a mutual recognition of each others' spheres of influence.

Recent informal discussions between Australian and American policy leaders have reinforced what has been a generally more positive reading of Sino-American relations. China's desperation to become a member of the WTO and to import western capital investment resulted in a softening of Chinese relations with Taiwan, moderating a Sino-American regional security dilemma that many previously regarded to be intractable. China's hosting of the 2008 Olympics was also viewed as a culmination of its government's long-standing quest to become 'legitimized' in the eyes of the international community. Speculation has even surfaced about America's willingness to sanction an eventual China-Taiwan reunification in return for a Chinese commitment to retract its current position on the right to use force, if need be, to re-assimilate Taiwan into the mainland (Kelly 2001).

There is little hard evidence, however, that China is radically transforming its long-standing apprehensions over American power and what that power means to Chinese interests. In mid-June 2001, a Sino-Russian summit convened in Shanghai, resulting in new agreement between Russia and China designed to counterbalance American global power and to consolidate international opposition to US missile defences (Elleman and Paine 2001). Sino-Russian collaboration also occurred in early 2003 against American and British efforts to secure a UN Security Council endorsement for military intervention against Iraq. The PLA continued to hold large wargames in the Taiwan Strait throughout this period of time as a clear signal to Taiwan not to provoke hostilities by pressuring the Americans to sell them more lethal defence assets. Chinese President Zhang Jimen is simultaneously projecting a posture of 'strategic warmth' toward the United States to preclude any inclination to transfer such weaponry to the Taiwanese; this can hardly be interpreted as Chinese capitulation to western agendas. China is proceeding to modernize its defences. It is converting its ground forces into smaller contingents with rapid deployment strike capabilities, and training them in joint-force manoeuvres and amphibious operations. It is upgrading its navy through purchases of Russian destroyers and frigates, and eliciting Moscow's assistance to modernize its nuclear submarine force. Russian surface-to-air missiles are being deployed to counter future American air or missile strikes that could otherwise

neutralize Chinese regional warfighting capabilities or its few existing strategic missile systems. All of these preparations are designed to respond to contingencies that may emerge over years rather than in weeks or months. Yet all of them are directed toward achieving levels of power and capabilities that could seriously threaten Australian and American regional security interests in Asia's littorals and beyond (Joffe 2001).

In all candour, Australian and American policy planners know this and have been deliberating in alliance councils on ways that ANZUS can preserve an acceptable regional power balance. The idea of expanding AUSMIN consultations to include Japan reflects a classical power balancing approach. The timing of Secretary of State Powell's disclosure of such musings at the 2001 AUSMIN summit was unfortunate given that he had just visited Beijing. The logic underwriting such discussions, however, is understandable (Tow and Lyon 2001; Lim 2001). Until China is prepared to match its participation in global economic arrangements with a commensurate willingness to engage in restrained strategic behaviour, it will precipitate such responses among the United States and its two most important allies in the Asia-Pacific.

Both ANZUS allies should remember that Asia is not NATO. This is not merely attributable to the different histories and cultures of the two regions. It relates as well to the respective alliance systems. NATO is increasingly a 'no threat' alliance, moving toward becoming a collective security organization. Russia resents potential US hegemony in Europe just as China challenges American power in Asia, but neither of these states currently confront or threaten the sovereignty or well being of other alliance members. However, where the Asian bilateral alliances differ from NATO is that they have no real collective security utility on their own but are primarily designed to rationalize a continued US power presence.

Intervention by the United States in a Sino-Taiwanese military confrontation would severely test ANZUS. Under such circumstances, Australians could reasonably ask themselves if their country's national interest would best be served by helping the Americans redress the policy miscalculations leading to such a Chinese provocation. If not, would Australia be willing to pay the price of incurring Washington's disillusionment or even its wrath by contesting the 'loyalty factor'? If Australia were to face the nightmare of a Sino-American war over Taiwan, and either Chinese pressure to abstain from that conflict or American demands to support a US intervention, it would confront a completely unacceptable dichotomy of risk that most alliances are designed to avoid. The founders of ANZUS might well be amazed that so many of their present-day counterparts on both sides of the Pacific believe that China is now inclined to modify its own core national interests to an extent that the allies' prospects for confronting such a risk are nil; hopefully, they are correct.

Conclusion

As has been the case with every other modern American presidency, the Bush administration has confronted a steep learning curve in forging strategic policy around the world. Early speculation that this administration would be 'different' by making appointments and assigning priorities that are Asia-Pacific-sensitive must be treated with some scepticism. The United States remains, above all, a global power destined to approach problems and prioritize interests on an international scale rather on a region-centric basis. President Bush has been preoccupied with managing the issues of international terrorism and rogue states. In confronting serious European dissent to his unilateralist style, and mired in the quagmire of Middle Eastern conflict, he has sought and gained Australian support for his international security views and initiatives. The Asia-Pacific has hardly been ignored but it is still not given the level of attention that Australian policy-makers often believe should be allocated to it by their 'great and powerful [American] friend'. China, and, increasingly, North Korea, are the obvious exceptions to this pattern and their importance in any 'post-Saddam' international security milieu will clearly deepen.

Australia can best sustain the relevance of ANZUS by seeking tangible ways of balancing its alliance loyalty to the United States with its capacity to generate and implement independent diplomacy in Asia. It may well be that, with a successful conclusion to the Iraq quagmire, the Bush administration or its successors may yet become more attuned to the pragmatic dimensions of multilateral diplomacy and more sensitive to regional institutions' utility in promoting norms and interests that are conducive to both American and Australian influence in Asia. During the interim, Australia must take care not to represent bilateralism as more than what it is—a holding or hedging strategy to advance the interests of two close but hardly identical allies in an increasingly turbulent world until a better mutual understanding of the emerging international system is achieved.

The question remains as to how much policy damage American unilateralism and Australia's recent endorsement of it will inflict before the value of interdependence is recognized by both Canberra and Washington and is translated into modifying the American regional policy agenda. ANZUS cannot be perceived, regionally or internationally, as a mere default mechanism nurtured by a regional proxy of American power. Its fifty years of existence is better honoured by Australia being independent enough to dissent from its senior ally when such disagreement is appropriate, and to support it when common interests and values are truly at stake. Knowing when to support or dissent, and not shirking from the responsibility of doing so, constitutes the best guarantee for alliance preservation.

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