

# Asia's Security Amid Shifting Power Balances

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## Planning for Future

National security planners have two principal tasks. The first is to look at whether their security forces are sufficiently staffed, trained and equipped to deal with current threats. As with all areas of public policy, they have to contend with multiple demands on the national purse. For most countries, investments in infrastructure, education and health services, among others, usually take precedence over the security sector, especially when the threats involved are perceived as inchoate and less immediate. The limits on spending are therefore often tight. That makes the second principal task of national security planners a lot harder. As the strategic environment changes, so will the demands that are placed on the security forces. But adapting those forces to new strategic realities can be very costly, often taking years to carry out. As a result, the planners need to anticipate the kinds of future capabilities that their countries will require and can afford. But in order to do that, they first need to make informed projections on the future strategic environment.

Trying to predict what the future holds is always a tricky exercise. Someone in the early 1990s, for instance, would probably have been wide off the mark if he or she tried to peer into what subsequent decades would look like. Consider how the Asian financial crisis of the late 1990s or the September 11, 2001 attacks on the US altered the course of events in previously unanticipated ways. Our capacity for making accurate predictions has certainly not improved over time. Yet, in 2008, the US National Intelligence Council produced *Global Trends 2025: A World Transformed*, a report that examines the key drivers of change in the world over the long term. More recently, the UK Ministry of Defense published *The Future Character of Conflict*, a study of how the use of force might evolve over the next two decades. Clearly, governments have not eschewed long-term projections in spite of the real possibility of getting things wrong. What they are looking for, however, is not pinpoint accuracy. Instead, what they want is a general assessment of the processes and forces that are likely to shape the strategic environment.

## Why Look at Power Balances?

Among a whole host of challenges to Asia's security and stability over the long term, perhaps the most profound are the ongoing shifts in the regional balance of power, most noticeably manifested by the rise of China. To some, that might seem like an obvious claim to make. Others, however, argue that the emphasis should lie elsewhere. In recent decades, and especially since 9/11, counter-terrorism has emerged as one of the key priorities for national security establishments throughout the world. Despite successes

in combating the *Jemaah Islamiyah* network, the specter of the 2002 and 2005 terrorist attacks in Bali continues to haunt governments in Asia. The range of priorities has also expanded in tandem with the broadening of the concept of security itself. Human trafficking and the implications of climate change and natural disasters, among others, are increasingly seen as the security issues that matter the most for the region. Commonly referred to as non-traditional security issues, they have figured prominently in discussions among government officials, such as those convened by the Association of Southeast Asian Nations (ASEAN). For those preoccupied with these issues, focusing on inter-state relations and the implications of shifting power balances might appear a little outmoded, a product of 20th-century thinking.

Nothing, however, could be further from the truth. To write off the security implications of Asia's changing strategic environment would be incredibly short-sighted. The fact remains that states continue to retain, acquire and build immense capacities to use military force. The Stockholm International Peace Research Institute (SIPRI) has estimated that total military spending in the world was about US\$1.53 trillion in 2009, or approximately 2.7% of the global GDP. Furthermore, countries have been steadily bolstering their forces in the past decade, fuelling an estimated rise in world military spending of about 49% since 2000. Even the global financial crisis in recent years has failed to stem this growth. Governments have occasionally justified the additional spending in terms of acquiring the means to counter the threat posed by terrorists. But a closer look, particularly in the Asian region, reveals something quite different. There are growing signs that the rise in defense spending is being driven by competitive build-ups between some of the region's militaries. This appears to be especially the case in Northeast Asia, where there has been a rapid acquisition of naval capabilities.

TABLE 1  
**Military Expenditure by Asia's Major Powers in 2009**  
Spending figures are in US\$, at current prices and exchange rates

Country	Spending (\$ bn)	Change, 2000-2009 (%)	Spending per capita (\$)	Share of GDP, 2008 (%)
USA	661.0	75.8	2,100.0	4.3
China	[100.0]	217.0	[74.6]	[2.0]
Japan	51.0	-1.3	401.0	0.9
India	36.3	67.3	30.4	2.6
World	1,541.0	49.2	224.0	2.7

Note: [ ] = estimated figure; GDP = gross domestic product  
Source: Adapted from Stockholm International Peace Research Institute (SIPRI), SIPRI Yearbook 2010: Armaments, Disarmament and International Security, Oxford: Oxford University Press, 2010, p. 203

## China: Key Catalyst for Asia's Transformation

How do we explain this build-up of military power in Asia? The answer is that the region is being transformed in ways that heighten the risk of an intense strategic competition between its major powers. If that competition becomes hostile, the middle and small powers of the region will find it difficult to stay out of the way. Instead, they will be compelled to choose sides. The implications of such schisms are immense, threatening to erode the enormous gains made in regional cooperation and economic integration since the end of the Cold War. Clearly, this is not just about one country. Developments within a region's strategic environment are rarely so simple. But it is possible to identify the primary catalyst for this transformation of the region. And that is the rise of China.

For the most part, China's involvement in regional strategic and diplomatic affairs has been viewed in positive terms. Since the early 1990s, China's regional profile has been altered beyond recognition. If China had previously been suspicious of multilateralism, it began to participate in regional organizations with the enthusiasm of a recent convert. In 1991, it became a member of the Asia-Pacific Economic Cooperation (APEC) forum. And in 1994, it joined the ASEAN Regional Forum (ARF). Its decision not to revalue the renminbi during the 1997 Asian Financial Crisis was seen as an act of incredible selflessness, winning it considerable goodwill among its Asian neighbors. Following the crisis, China joined Japan, South Korea and ASEAN member states in forming the ASEAN Plus Three (APT). Within the next ten years, China was said to have mounted a successful "charm offensive." It seemed to have allayed the worst fears about its rise as a major power.

But troubling signs have emerged in recent years, as China appears to have become increasingly assertive in pursuing its interests. Three examples, in particular, are often used to illustrate this point. The first is the way China opposed a binding treaty at the 2009 United Nations Climate Change Conference in Copenhagen. There have been numerous accounts suggesting that Chinese negotiators often abrasively sought to delay and scuttle any progress at the conference. The second example surrounds China's reported declaration that its territorial claims in the South China Sea constitute one of its "core interests." That would put the disputed waters on a par with China's sovereign rights over Taiwan, raising the possibility that it might contemplate the use of force to assert its claims. The resulting anxiety among Southeast Asia's claimants to the South China Sea was deepened when, at a meeting of the ARF in April 2010, the Chinese Foreign Minister made the startlingly undiplomatic remark that, "China is a big country and other countries are small countries and that's just a fact." The third

example that illustrates China's growing assertiveness is the way it responded to Japan's detention of a Chinese fisherman found in waters close to the Senkaku Islands in September 2010. Beijing's actions, such as the suspension of high-level bilateral contacts and an embargo of rare earth exports to Japan, were widely seen as hugely disproportionate and a possible indicator of how China could behave in future disputes.

## China Debates its Rise

Why has China's foreign policy shifted to such a direction? According to Professor David Shambaugh of George Washington University, Beijing's recent actions can be partly explained as a

TABLE 2

### Key Groups in China's Foreign Policy Establishment

<p><b>Nativism</b></p> <ul style="list-style-type: none"> <li>• Argues that China should not be active internationally</li> <li>• Believes that China's "reform and opening up" policy has compromised its sovereignty</li> </ul>
<p><b>Realism with Chinese Characteristics</b></p> <ul style="list-style-type: none"> <li>• Believes in the importance of having a strong state to pursue China's national interests</li> <li>• Adopts a narrow definition of national interest; rejects globalization and global governance.</li> </ul>
<p><b>The Major Powers School</b></p> <ul style="list-style-type: none"> <li>• Wants China to concentrate on relations with the US, Russia and the EU</li> <li>• Puts less emphasis on the developing world or multilateralism</li> </ul>
<p><b>Asia First</b></p> <ul style="list-style-type: none"> <li>• Argues that China should concentrate on its diplomacy with Asian countries</li> <li>• Sees stability in China's neighborhood as crucial for its development and security</li> </ul>
<p><b>The Global South School</b></p> <ul style="list-style-type: none"> <li>• Sees China as having a responsibility towards the developing world</li> <li>• Believes that China's solidarity with developing countries is crucial to deal with pressure from the West on issues such as human rights and climate change</li> </ul>
<p><b>Selective Multilateralism</b></p> <ul style="list-style-type: none"> <li>• Advocates a gradual and selective expansion of China's global involvements</li> <li>• Believes that China should continue to subscribe to Deng Xiaoping's dictum to "maintain a low profile, hide brightness, not seek leadership, but do some things"</li> </ul>
<p><b>Globalism</b></p> <ul style="list-style-type: none"> <li>• Argues that China should take on greater responsibilities in global governance</li> <li>• Embraces globalization and emphasizes the importance of international partnerships</li> </ul>

Source: Adapted from David Shambaugh, "Coping with a Conflicted China," *The Washington Quarterly*, 34:1, Winter 2001, pp. 7-27.

product of an ongoing debate within its foreign policy establishment. In a recent article in *The Washington Quarterly*, he suggests that China's realists are currently the most dominant group within this internal discourse about the country's rise as a major power. They tend to take what Shambaugh has characterized as "a narrow and self-interested definition of China's national interests, rejecting concepts and policies of globalization, transnational challenges and global governance." Some of its members, such as Professor Yan Xuetong of Tsinghua University, have advocated the use of force to unify Taiwan with the mainland. Shambaugh says that a number of factors may have shored up the position of the realists. These include China's quick recovery from the global financial crisis, rising nationalism, growing energy needs, an impending leadership transition, and frustrations stemming from a US announcement in January 2010 of a proposed arms sale to Taiwan worth US\$6.4 billion.

This internal debate about China's role in the world suggests that its posture has the potential to change in the future. Much depends on which of the groups in its foreign policy establishment manages to shift elite opinion towards its own perspective. Many outsiders do not fully appreciate the fact that there is a multiplicity of views within China. Just because it has a communist party at the helm, we tend to assume that policy discussions are severely restricted and conducted by only a handful of insiders. That is hardly the case. Shambaugh's analysis also indicates that the factors that determine which foreign-policy perspective becomes dominant are not purely domestic. A great deal hinges on China's interaction with the rest of the world. And that is set to become a lot more complicated.

### The Key Relationship: China and the United States

The greatest uncertainty lies in the interaction between China and the United States. Ever since the Sino-US rapprochement in 1972, the US has been the dominant power in Asia. For almost 40 years, US primacy has been instrumental in preventing an armed conflict between the major powers of the region. By forestalling the risk of a strategic competition between China and Japan, it has generated the stability that has underpinned the region's economic growth. ASEAN would have found it a lot more difficult to promote cooperation in Asia amid an intense rivalry between Beijing and Tokyo. But the rise of China means that US primacy can no longer be taken for granted. If mishandled, the Sino-US relationship could begin to take the form of a constant action-reaction cycle, where China starts contesting US primacy in Asia, and the US pushes back. Such a situation would likely strengthen the positions of those with hawkish perspectives in both countries. The potential for a major conflict would thus increase.

There is, of course, no way to accurately predict how China's decision-makers will use its growing strengths in the future. What we are left with is to look at whether China will have the capacity to

carry out a challenge to US regional primacy. Chinese diplomats have often sought to dismiss such a prospect by arguing that, even if China's power continues to grow, it would still lag behind the other major powers, especially the US. This notion is central to the theory of China's peaceful development. According to this view, the country's rise would be greatly hobbled by its huge population of over 1.3 billion. Even if China were to overtake the United States as the largest economy in the world, it would still be small in per capita terms. Furthermore, China's military power would struggle to match that of the US. After all, China spends only a fraction of what the US does on its armed forces. To use SIPRI's estimates, China's military expenditure in 2009 was about US\$100 billion, about 15% of the US\$661 billion spent by the US.

But China does not need to match the military power of the US in order to challenge it in Asia. Far from concentrating its forces in this region, the US has its military power spread throughout the world. Despite the end of the Cold War, it continues to maintain significant deployments in Europe, the Middle East and Central Asia, of course, continue to be major theaters of operation for the US military. China only needs a specialized range of capabilities, concentrated on potential scenarios in the western Pacific, in order to contest US regional primacy. And it appears close to being able to do just that. For instance, a recent assessment by the Rand Corporation suggests that the People's Liberation Army Air Force (PLAAF) could pose a serious challenge to the US Air Force (USAF) in the event of a conflict over Taiwan. It states that: "[E]ven today, the emerging capabilities of the PLAAF are such that, combined with the geographic and other advantages China would enjoy in the most likely conflict scenario – a war over Taiwan – the USAF could find itself challenged in its ability to achieve air dominance over its adversary, a prospect that the USAF has not had to seriously consider for nearly two decades."

### The Question of Taiwan

Taiwan represents the likeliest cause of an adversarial relationship between the US and China. Both Washington and Beijing have policies that are deeply entrenched and dangerously dependent on choices made in Taipei. Most Taiwanese do not support a unilateral declaration of independence for their country, but public opinion can always shift in unexpected ways. The US officially subscribes to the One China Policy and, in the past, has pressured Taipei against attempts towards *de jure* independence. But if China were to use military force in an attempt to unite Taiwan with the mainland, it would be hard for any US president to avoid committing forces in response. America's self-image as a beacon of democracy would see to that. Furthermore, the defense of Taiwan from forcible unification is critical if the US is to maintain its credibility in the eyes of its allies in Asia.

For China, Taiwan is unfinished business, an emotionally charged issue for the country's nationalists. No card-carrying member of

the Communist Party of China (CPC), least of all its leaders, can afford to look soft on Taiwan. According to Richard McGregor, author of *The Party: The Secret World of China's Communist Rulers*, "In China, Taiwan has always been a test of political virility, in which even the hint of weakness can be exploited by political opponents."

The People's Liberation Army (PLA) has brought about enormous increases to its budget by citing preparations for contingencies involving Taiwan. China is particularly determined to prevent a repetition of what happened during the 1995-96 Taiwan Strait Confrontation, during which the PLA conducted large-scale military exercises in an attempt to pressure Taiwan ahead of its 1996 presidential election. In response, the US deployed two carrier battle groups to nearby waters. And, for the first time since Sino-US relations were normalized in 1979, a US aircraft carrier, the USS *Nimitz*, made a transit through the Taiwan Strait. That incident continues to be a source of deep embarrassment for China. And now that China's military power has grown, it is unlikely to back down if the US attempts a similar intervention.

### Forestalling a Contest for Primacy in Asia

China and the US have obvious reasons to ensure that their relationship remains stable, not least because both countries have nuclear weapons. If neither side believes that its nuclear forces are vulnerable to a first strike, a measure of stability will be built into the relationship. But that is hardly a source of relief. As long as there remains the potential for an intense strategic competition between the US and China, we will be likely to continue to see a build-up of military power in Asia. Even if one argues that the possibility of armed conflict is low, a major power rivalry with an intensity that goes beyond a certain threshold could be enough to cause divisions within the region. So what can be done to prevent that from happening?

For some, the answer is simple: not very much. Professor John Mearsheimer of the University of Chicago has argued that China will almost certainly work towards achieving a level of dominance in Asia similar to what the US has in the Western Hemisphere. The US, in turn, will want to contain China in order to prevent the emergence of a peer competitor. Additionally, some countries in the region may join a US-led balancing coalition against China. As a result, a strategic competition between the US and China is almost inevitable, carrying with it a high risk of a major conflict. Mearsheimer argues that no level of economic integration or cooperation in the region is ever likely to prevent such a scenario. But such arguments are not only overly pessimistic; they also ignore the possibility that the US, China and other countries in Asia understand the risks of power shifts and take steps to prevent an escalation of rivalries.

The region has certainly had no shortage of institutions whose primary objective is to moderate competitive relations between

Asia's major powers. Perhaps the most promising in this regard is the East Asia Summit (EAS), which currently comprises the ASEAN member states plus Australia, China, India, Japan, South Korea and New Zealand. The US and Russia will begin their participation in the Summit in November 2011. In addition to the EAS, however, it would be worthwhile to consider a concept that seeks to directly address the contest for primacy in Asia: a Concert of Asia.

This concept was explored in a recent issue of *Quarterly Essay* titled "Power Shift: Australia's Future Between Washington and Beijing." Its author, Professor Hugh White of the Australian National University, may have had a primarily Australian audience in mind, but many of his arguments apply to the rest of Asia as well. At the heart of White's essay is a proposal that, in order to prevent a destructive strategic competition in Asia, the US should relinquish its regional primacy in favor of a collective leadership together with China, India and Japan. As with the Concert of Europe in the 19th and early 20th centuries, the parties to a Concert of Asia would have to treat each other as equals, avoid interfering in each other's internal affairs, and be prepared to make compromises on their divergent interests. By bringing only the major powers to the table, a Concert of Asia would allow them to focus their attention on how an accommodation of interests can be achieved. This involves difficult compromises, especially for the US and China. But a Concert of Asia offers a promising way to manage the rise of China and the consequent transformation of Asia.

### Keeping Asia Secure

Nothing about Asia's future strategic environment is inevitable. As mentioned at the outset, the future is inherently uncertain. But Asia's shifting balance of power means that the principal source of regional stability for the last 40 years – the primacy of the United States – is less sustainable. The region's future depends not only on how Beijing uses its growing strengths, but also on the way the US and the rest of the region respond to China's rise. Countries in the region will understandably continue to bolster their military deterrence. But they also need to do more in the realm of diplomacy. Regional institutions such as the EAS can contribute a great deal towards encouraging the major powers to accommodate each other's interests. And, in order to further moderate the potential for an intense strategic competition, principally between the US and China, the major powers should begin to consider an arrangement in which they share the role of regional leadership. A Concert of Asia sounds a promising concept. If linked to the EAS, this concept could encourage cooperation between the major powers at one level, and the region as a whole on another. **JS**

*Note: The views expressed here are his own.*

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