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The *Journal of Diplomacy and Foreign Relations* (JDFR) is a foreign affairs periodical published bi-annually by the Institute of Diplomacy and Foreign Relations, Malaysia. Founded in 1999, the *Journal* brings together noted scholars and policy makers to address current themes in international studies, foreign relations, diplomacy, strategic and security affairs and development studies. Each issue presents a multidisciplinary perspective. Our readership consists of individuals in government, business, academe and education, locally, regionally and internationally. It is a forum that provides room for multiple appraisals of, and diverse intellectual discourses on international studies, foreign policy and diplomacy that both directly and indirectly influence Malaysian regional and international policy. The primary objective of JDFR is to enhance international understanding of international studies, foreign policy and diplomacy as an art and science within the context of Malaysia, both in particular and generally.

In order to establish the international quality and high intellectual profile of JDFR, an Advisory Board (AB) has been appointed. It consists of prominent individuals in the foreign service and academe. The AB advises the Editorial Board on the quality of articles and lends their expert intellectual opinions. To enhance such quality, the members of the AB may provide additional intellectual input.

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Manuscripts should meet the professional standards of academic journals, make a significant contribution in empirical fact or interpretation, and use unpublished and primary sources or a broad range of relevant literature. Manuscripts that have been published elsewhere (including in the electronic media) or that are under consideration for publication will not be considered by the Editorial Board of the *Journal*.

WHY THE JOURNAL OF DIPLOMACY AND FOREIGN RELATIONS

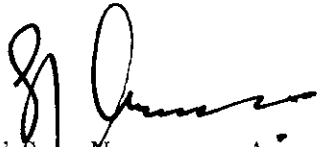
Most countries of the Asian region are slowly emerging from the punishing economic fate that befell them in July 1997. Although scathed, the region is now recovering. Economies are rebounding and there is a renewed sense of confidence that is attracting investment and healthy regional economic activity. Emerging with the crisis are new political and social issues. Economic grievances with ethnic and religious overtones, the questioning of excesses and injustices of governments, and leadership change are some of the glaring developments that have arisen in the midst of the crisis. Governments too are taking a closer look at the problems of governance and how to rid their societies of political, economic and moral corruption. All in all, in most countries of the region, the several months after the initial shock have been spent in introspection and self-evaluation.

Political opposition groups and international agencies have speculated that the Asian monetary and political crisis was due to poor governance. Notwithstanding the fact that a few societies in the region faced problems of credible leadership and decision making, the causal relationship between the financial crisis and governance is incomplete. It is at this point in our analysis that we need to delve deeper into the more relevant abstract concept of globalisation, the invisible thread that entwines all polities of the globe.

Globalisation is a societal process which places great importance on the concept of world market. It is seen as a dialectical dynamic, not as a 'one way process'. Globalisation is thus a process in which geographic distance becomes less a factor in the establishment and sustenance of bordercrossing, long distance economic, political and socio-cultural relations. This is the internationalisation of relations and dependencies. Thanks to new technologies, strategies of economic actors and policies of national and international political actors are less hampered by geography.

The end of the Cold War has signalled the dawning of the neo-liberal state value system. These values are based on the concept of democracy, which encourages the free market system. Along with this so-called 'liberation' came turbulences, as seen in the events of 1997. These are, to a great extent, due to the internationalisation of economic processes, both in production and consumption, the consequent emergence of a world market and Trans-National Corporations (TNCs), worldwide capital flows and growing economic interdependence between countries.

In order to bridge the gaps in our analyses of the various issues posed by globalisation and governance while, at the same time, keeping pace with the challenges associated with the presence of opposing values, the Institute of Diplomacy and Foreign Relations has decided to embark upon the publication of an academic journal. It is hoped that this periodical will provide a forum for intellectual discourse on current, general themes to do with globalisation, international relations, diplomacy and state interdependency as well as to focus on cultural and psychological themes affecting international relations. Importantly, the *Journal of Diplomacy and Foreign Relations* would be a medium whereby scholars and practitioners could share their original research on issues that are relevant to Malaysia, a nation that has become a vital international geo-political player. Malaysia is an important entity for multinational companies and businesses, and international academics and researchers engaged in socio-economic and cultural studies. Thus, new ideas and concepts that have emerged as a result of Malaysia's role in international relations need to be highlighted in this publication.



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MALAYSIA IN A MILLENNIUM ROUND?: THE FUTURE EXPANSE OF WORLD TRADE

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INTRODUCTION

On January 20th 1999, United States President Bill Clinton called for the launching at the end of the year, of a new round of trade negotiations in the World Trade Organization (WTO). Supported by Sir Leon Brittan, then the European Union Trade Commissioner, this "Millennium Round" which aimed at expanding the WTO agenda also received encouragement from the WTO ambassadors of Australia, Canada, Hong Kong and Singapore, all of whom had also been pushing for this new round.[1] This enthusiasm for a new round, however, has not been echoed throughout the entire membership of the organisation, as is evident from Malaysia's lukewarm reaction.[2]

Malaysia, as a small industrialising country, finds herself in a particularly unique position in the world economy. As an economy highly reliant on external trade and investment, she is unable by herself to effect salient changes on the scale of the international economy. The regional economic downturn has demonstrated Malaysia's challenge to incorporate her own need for continued industrialisation and technological advancement along with confronting the imperatives of the external economy.

Such imperatives arise from various sources, from its ASEAN neighbours to larger economic powers to international institutions. As the proposed

launch of a Millennium Round approaches, the World Trade Organization poses old and new challenges to its sovereign members, of which Malaysia is one. Among them is the past resolution of the Uruguay Round issues including agriculture, textiles and services. Adding to the burden of the past are propositions to expand the trade agenda of the WTO to include electronic commerce, investment, competition policy and government procurement. The movement of these 'new' areas of trade into the core of WTO agreements promises to be unsettling to developing countries including Malaysia. It is in the author's interest to discuss this future expansion of the world trade agenda and how such expansion may affect Malaysia as well as how Malaysia can practically effect her position in the WTO in the millennium.

ELECTRONIC COMMERCE

With the rapid expansion of international communications technology, the international trade agenda has followed this development with the inclusion of electronic commerce.[3] Bringing e-commerce into the World Trade Organization, however, is not as lucid as it would be with the legal incorporation of new sectors or trade classifications. First, the dividing line between goods and services is blurred by transactions that occur in electronic commerce. How the WTO and its member countries decide to embark upon settling an agreement according to the "goods versus services" nature of e-commerce portends the intricate task of balancing the General Agreement on Tariffs and Trade (GATT) with the General Agreement on Trade in Services (GATS). The ambiguous nature of e-commerce is evident from the organisation's involvement of the Councils for Trade in Services, Trade in Goods and Trade-Related Intellectual Property (TRIPs) in the Work Programme on Electronic Commerce.[4]

Following this is a second obstacle in determining the regulation of e-commerce: with whom the responsibility of regulating lies. As a relatively recent area of commercial transaction where many developing members have recently or have not yet even been incorporated into government regulation, e-commerce brings into question the issues of from where regulation should arise and how much commercial regulation is required. Governments have the options to allow the sector and its suppliers to self-regulate or to step in for purposes of national security, public morality, technical and national standards, or consumer protection.[5] These options allow for a wide range of regulatory preferences and definitions among the various members of the WTO, and with the continuous innovation of electronic transactions, regulations will have to follow suit and keep up with the pace of this rapidly developing commercial area. The inclusion of e-commerce into the WTO agenda implies that, (a) not only will consensus building be significant in ironing out the various governmental regulatory

preferences, but also that, (b) any consensus reached will have to be flexible enough to account for the changing nature of e-commerce. As the negotiating history of the GATT and the WTO has demonstrated, consensus building can be a long and arduous process, and the question remains as to whether timely decision-making in the WTO with regards to e-commerce is in the interest of all of its members.

A further complication of including e-commerce into the agenda of the Millennium Round, especially for the sovereign states concerned, is the issue of jurisdiction. Regulation of the provision of goods and services across borders via electronic means can arise either from the source, i.e. the country of the supplier, or from the end, i.e. the country of the consumer. This raises "a fundamental question as to the willingness of governments to allow each other to regulate cross-border transactions affecting their own consumers".[6] This again brings in the notion of flexibility. The WTO will need to find a manageable solution to incorporate the various national stances on cross-border regulation. More importantly, the members will also have to consider their own preferences on the acceptance of other national e-commerce regulation. It will be necessary to weigh the long-term gains of a liberal e-commerce regime against any regulation that will eventually hamper the development of the national e-commerce sector.

Malaysia, through promoting the Multimedia Super Corridor (MSC) and other national investment policies, has demonstrated her national priorities to be at the fore of high technology. Such priorities also demand that Malaysia move to consolidate her position on electronic commerce, whether it relates to national regulation or to international oversight by the WTO. Whether or not a Millennium Round occurs in the near future, all members will have to be prepared for the inclusion of e-commerce on the WTO agenda. With the declaration on Global Electronic Commerce, the institution has signalled an involvement in this area, heeding the needs of particular members for the maintenance of duty-free electronic transmissions. As one of the more recent steps taken, the Communications and Multimedia Act 1998 (enacted 31 March 1999) demonstrates Malaysia's commitment to "establish Malaysia as a major global centre and hub for communications and multimedia information and content services".[7] The 1998 Act also provides insight into Malaysia's stance over national preferences and standards as well as to the jurisdiction issue.[8] In applying extra-territorial jurisdiction over e-commerce transactions, the Act binds non-national suppliers to the local legal system in order for consumer protection and other national purposes. A possible ramification of this could be the inhibition of "the geographical spread of electronic commerce, as it would imply the establishment of some kind of 'commercial presence' in any jurisdiction with which business was transacted".[9] Any inclusions of e-commerce into the WTO agenda would eventually lead to this issue

of jurisdiction, and Malaysia will have to be prepared to justify her stance on jurisdiction and other national policies against members who do not share the same perceptions on the regulation of electronic commerce.

INVESTMENT

At the end of 1998, many developing countries together with a number of developed countries applauded the official demise of the Multilateral Agreement on Investment (MAI) in the Organization for Economic Co-operation and Development (OECD). What was to be a plurilateral agreement among the developed countries stalled in the process of negotiations, facing increased amounts of public pressure over the agreement's extension of rights to investing firms over sovereign states. Although the end of the MAI had been predicted throughout 1998, the idea of continuing multilateral negotiations in the area of investment perpetuated towards the domain of the World Trade Organization.

Reasons which could explain the termination of the MAI negotiations include the accusation that the OECD was inefficient as a negotiating forum, the exclusion of many developed countries for which foreign investment held a significant economic influence, and the lack of openness under which the agreement was negotiated. An apparent solution to the institutional problems of negotiating a multilateral framework for investment (MFI) could be solved by moving negotiations to the World Trade Organization, with its greater breadth of membership, with its consensus building negotiating process, and with its push for greater institutional openness and transparency. The WTO also had the experience under the Uruguay Round of the Trade-Related Investment Measures (TRIMs) agreement.

The organisation and its members have signalled an interest in the issue of investment and have taken steps to investigate the possibility of housing a comprehensive investment agreement. Since the first Ministerial Conference in Singapore in December 1996, the WTO included investment in its working programme intended to examine the relationship between trade and investment.[10] As part of the programme, a working group on the relationship between trade and investment produced a report for the WTO General Council on its progress and future areas for investigation, based on contributions produced by members and relevant institutions in a series of meetings since June 1997.[11] The significance of this Working Group along with its meetings is that they demonstrate the directions in which the organisation is moving in the area of investment.

One of the trends is the discussion of the multilateralisation of investment within the organisation. This area is significant to many developing countries and to Malaysia, which has reacted against an MFI within the WTO.[12]

The idea for the WTO to take on the negotiations for a multilateral investment agreement comes from various sources, including one of Malaysia's main foreign investors, Japan:

> ...a multilateral agreement could resolve the problem of the inconsistencies between bilateral investment agreements, and that, by negotiating a multilateral agreement on investment in the WTO, consistency of multilateral investment rules with the GATS, the TRIMs Agreement and other WTO provisions could be ensured. A multilateral agreement would also provide more scope for harmonization of rules and, since changes to the rules would need to be agreed on by all parties, would result in greater predictability of rules...compared with the many different rules contained in bilateral investment agreements, the existence of a single set of rules in a multilateral framework would enhance the predictability for investors, and...dispute settlement procedures were likely to be more fair and effective in a multilateral context than in a bilateral context. The establishment of investment rules in a multilateral organization could also enlarge the geographical scope of application of such rules as countries acceding to that organization would accept all its rules as a package.[13]

Similar views on the benefits of negotiating an MFI in the WTO were echoed by the European Communities (EC).[14] The United States also suggested that any multilateral investment agreement treat investment on the same principles as the WTO applied to trade, namely that investors should be accorded non-discriminatory treatment in all "three time periods in the life of an investment: entry, operation after establishment and liquidation of investment."[15] The willingness for the investment negotiations to move into the WTO is evident among the developed countries just as it is evident that developing countries are opposed to the idea. Categorically, developing members have disputed the ability of the WTO to include development to any such agreement, and more specifically, Malaysia and its ASEAN neighbours questioned whether "multilateral rules could take into account the development dimension in a more meaningful manner than through references in preambular considerations and through transition periods".[16] Given the above suggestion that accession to the WTO could include the acceptance of investment rules as part of the entire trade package, there is obvious apprehension on the part of developing countries about negotiating a multilateral investment agreement within the organisation.

Another highlight of the Working Group is the considerable attention paid to investment incentives as part of the development process. The retention of such incentives, as argued by various developing countries along with extensive contributions to the topic from ASEAN,[17] is in the interest of developing countries in order to continue to attract much needed

investment and to fulfil national and sectoral developmental objectives. It was thus clear that developing countries including those from ASEAN were unwilling to relinquish the capacity of investment incentives, despite arguments on the inefficiency of such measures. The interests of developing countries, however, could be under threat with the multilateralisation of investment within the WTO. As suggested by the EC, "existing WTO rules on subsidies were applicable to investment incentives."[18] Since most subsidies are currently granted by governments to factors of production as opposed to being tied to products, they take on the form of investment incentives. The WTO Agreement on Subsidies and Countervailing Measures, though, only corrects for these subsidy-incentives on the side of trade distortion and fails "to prevent the creation of an uneconomical production site".[19] It follows that "subsidy disciplines were only partially remedial of a problem that could have been avoided had there been disciplines on the subsidization of investment in the first place".[20] This suggests that the viability of an MFI in the WTO in the phasing out of certain subsidies from their source, investment incentives.

Broadening the WTO agenda to include a multilateral investment agreement in the near future, as argued by developing Members including Malaysia, is premature and requires greater insight into investment's development dimension. There are, however, interests within the organisation and its Members envisioning a multilateral framework on investment in the WTO in the next millennium. As the Working Group on the Relationship on Trade and Investment continues to study the feasibility of negotiating such an agreement in the WTO, the idea of a broad investment agreement in the organisation should not be dismissed. As seen in past GATT negotiations, the intractability of developing countries on particular agreements have not always been successful in stalling the ever-increasing trade agenda, exemplified by the extension of trade to include TRIMs, TRIPs, and services in the previous round. Issues such as investment incentives and the right of establishment are areas with which Malaysia may have to contend as a participant the WTO's future agenda. As it balances its needs for greater investment in high technology sectors whilst moving away from the developing country baseline as envisaged in Malaysia 2020 and ASEAN 2020, Malaysia along with its liberalising negotiating partners in ASEAN cannot afford to be isolated from their largest sources of frontier technology investment. Unfortunately, it is exactly those capital exporters who are the proponents of the multilateralisation of investment in the World Trade Organization.

COMPETITION POLICY

Along with investment, the Working Programme from the Singapore Ministerial Conference also included the study of issues on the interaction

of trade and competition policy.[21] Like investment, the issue of competition policy has been pushed for inclusion into the new agenda of the WTO. This can be seen from statements of last year's Ministerial Conference where Hong Kong, China pressed for the development of "a coherent framework to ensure the free play of competitive forces in markets without distortion by governmental measures"[22]. It is also obvious from this year's High Level Symposium on Trade and Development where Sir Leon Brittan pronounced:

> In others areas such as competition and investment, I believe that we need to look for an approach which is of widespread benefit to the whole WTO membership and not simply to any particular category. The key, it seems to me, is to seek WTO rules which establish a more open and predictable regulatory framework for business, which in turn will have benefits for growth and employment –particularly for developing countries which can only attract the investment that their citizens so clearly need by providing just such a framework.[23]

Although several members from developed and developing countries in the Working Group agreed that the overall goals of competition policy and trade liberalisation were essentially the same,[24] developing countries including ASEAN WTO members believed that "elements of existing trade instruments could (at least in their application) be inconsistent with the goals of competition policy".[25] Furthermore, there was disagreement among the members over the value of a competition policy against the presence of a national competition law. Where the small liberalised economies such as Hong Kong and Singapore argue that competition law is unnecessary in the face of a general pro-competitive national economic policy,[26] the United States came to the conclusion that "all countries should have, and enforce, a competition law".[27] The US added, "With regard to practices that [fall] outside the traditional domain of competition law enforcement, remedying these would generally require policy changes. In many cases, there might be a natural convergence of interests between trade and competition policy officials in advocating for the removal of barriers affecting trade and competition."[28]

Despite the differences among the members of the WTO, some came to the conclusion that there was an element of agreement over the necessity of international co-operation on competition policy. As purported by Brazil, "the degree of consensus that already existed [in the Working Group] regarding the core principles of competition policy ...should not be underestimated.[29] The stimulation of trade and investment as a result of the implementation of a competition policy based on the principles of transparency and national treatment implied the importance of spreading the culture of competition at the WTO.[30] Additionally, the European Communities, Turkey, Morocco, Tunisia and several other members

"expressed interest in or support for an enhanced framework for international co-operation in competition law enforcement, to facilitate the effective use of competition policy as a tool of economic development."[31] Brazil went on to suggest that "an appropriate focus at the multilateral level would be on facilitating the exchange of national experiences and jurisprudence relating to competition law and policy, and on the development of basic international standards to be reflected in countries' competition legislation".[32]

With reference to the statement above, the suggestion of creating international standards within the WTO on competition combined with proposals to include competition into the next negotiating agenda of the organisation has future consequences for its members. Malaysia, for instance, does not have a specific competition law, nor does it have an administrative authority that solely determines appropriate business ethics and trade practices.[33] It does, however, have a range of over "thirty laws which regulate certain activities of enterprises and which protect consumer interests".[34] Whether these laws along with relatively liberal trade and investment policies and sectoral deregulation can be construed as an effective general pro-competitive national economic policy such as that of Singapore and Hong Kong is another matter. The question is whether the existing measures are adequate for Malaysia and for addressing competition concerns that may arise within the WTO. Where there is an absence of anti-trust laws or government oversight in Malaysia, there remain "competition areas...with regard to Restrictive Business Practices such as collusive tendering, market allocation or quota refusal to supply, cartel price fixing, predatory pricing etc., which are strongly suspected, but which the existing laws cannot completely prohibit or control."[35] The absence of competition law also introduces concerns over "issues of market power arising from corporate mergers, take-overs and restructuring activities of enterprises".[36]

Malaysia and its ASEAN WTO counterparts have addressed the question of the adequacy of national competition policy in the following:

> ...the absence of legal instruments or laws on competition does not necessarily mean that a country does not adhere to the principles and objectives of stimulating and guaranteeing competition. A confluence of various factors may dictate that the principles and objectives of competition policy can be achieved without making imperative the enactment of competition law, or of additional competition law. On the other hand, certain countries may find it convenient, if not beneficial, to enact competition law to ensure the full implementation of competition policy. The decision whether or not to enact law, in the final analysis, rests on the judgement of the responsible authorities.[37]

Nonetheless, as a member of an organisation in which particular members have the objective of the "securing of a basic commitment by members to adopt and enforce a competition law, as the appropriate means of addressing anti-competitive practices of enterprises that affected international trade",[38] Malaysia's decisions whether or not to enact competition laws may be encumbered by any future "basic international standards" on competition. In addressing what the WTO can contribute to developing countries, former Director General Renato Ruggiero asserted:

> The case for considering competition rules in the trading system is...compelling. The idea that developing and least-developed countries have no interest in this subject must be dispelled. In reality, if we want to encourage the development of the private sector in these countries we have to help them to create the regulatory environment that will allow markets to operate - the commercial, competition, and financial laws that must underpin business confidence and investor security. Competition rules have a great role to play in this context for developing and developed countries alike.

Even without the existence of competition standards in the WTO, governments can still be held accountable for anti-competitive practices via the non-violation route of the organisation's Dispute Settlement Mechanism, as suggested by some members including Singapore.[39] As the geographic area in which competition expands to include international markets[40] and as members within the World Trade Organization believe that a consensus can be achieved on the core principles of competition policy,[41] it will be difficult for any member to extricate itself from multilateral commitments on international competition. This is especially so if it is heavily reliant on its external sector for trade and investment.

GOVERNMENT PROCUREMENT

As the final area of the Working Programme determined in Singapore in December 1996, government procurement, like investment, had already been included in a WTO agreement. The existing 1994 Agreement on Government Procurement (GPA), a plurilateral agreement to which is currently acceded by twenty-six members, has been under review by the Committee on Government Procurement for further negotiations for greater "simplification and improvement..., including, where appropriate, adaptation to advances in the area of information technology; expansion of the coverage of the Agreement; and elimination of discriminatory measures and practices which distort open procurement."[42] By achieving these changes in the GPA, these Article XXIV:7 negotiations also intend to expand the membership of the Agreement by making it more accessible to non-parties. The Working Group on Transparency in Government Procurement,

in a seemingly supportive effort, was established to "conduct a study on transparency in government procurement practices, taking into account national policies, and, based on this study, to develop elements for inclusion in an appropriate agreement".[43] The intentions of the Committee to complete their negotiations by the Third Ministerial Conference at the end of 1999[44] complement those that certain parties to the GPA have in mind for the developments of the Working Group, in particular, the United States. At last year's Ministerial Conference, the United States Trade Representative Charlene Barshefsky asserted:

> We must also examine ways in which the multilateral system can encourage both liberalized trade and good governance...Conclusion of an agreement on transparency in government procurement would contribute to the establishment of predictable and competitive bidding environments for government procurement throughout the world, enabling governments and citizens they serve to receive the greatest benefit for government expenditures. Government procurements are estimated to be worth well over US$3.1 trillion annually, but only 26 WTO members presently belong to the plurilateral WTO Government Procurement Agreement. An agreement on government procurement transparency would encourage fiscal responsibility and greater government accountability, and complement the international efforts to combat corruption relating to government procurement world wide. To maximize this opportunity, we should seek to conclude an agreement on transparency in government procurement by the next Ministerial Conference.[45]

An example of transparency as suggested in studies from the Working Group is "transparency in regard to the existence of preferences or other discriminatory requirements would enable potential foreign tenders to determine whether they had an interest in entering a specific procurement process in spite of discriminatory national policies". Malaysia has already taken steps toward such transparency in participating in the Asia-Pacific Economic Co-operation (APEC) Government Procurement survey with the electronic publication of its procurement policies and preferences[46] and with the establishment of the Anti-Corruption Agency. However, the question remains whether this is sufficient enough for other members of the WTO and Malaysia's APEC counterparts.

The United States' intentions on securing a WTO agreement on government procurement are apparent with the above quote and as President Clinton remarked last year, "With its insistence on rules that are fair and open, the WTO plays a powerful role toward open and accountable government–but the WTO has not done enough. By next year, all members of the WTO should agree that government purchases should be made through open and fair bidding."[47] The relation of these statements to Malaysian government procurement policies can be extrapolated from

the U.S. State Department's Country Report on Economic Policy and Trade Practices on Malaysia stating, "...foreign companies do not face a level playing field in competing for [government] contracts and in most cases are required to take on a local partner before their bid will be considered. Some U.S. companies have voiced concerns about the transparency of decisions and decision-making processes. Malaysia is not a party to the plurilateral WTO Government Procurement Agreement."[48]

Although Malaysia is currently not party to any government procurement agreement in the WTO, there should be awareness of the possible consequences of acceding to such an agreement. An example of an area of concern is the dispute settlement procedures. Where foreign suppliers have recourse to domestic review procedures as the initial avenue for resolving complaints, there could be further recourse to the level of government-to-government dispute under the WTO Dispute Settlement Understanding (DSU).[49] Hence, if a supplying member is dissatisfied with the adjudication of a procuring member regarding the complaints of its suppliers and believes that the procuring member does not provide a "level playing field" for its suppliers, the supplying member could resort to WTO dispute settlement procedures. As it stands, the current Agreement on Government Procurement is subject to the WTO DSU.[50]

As the pressure mounts for all members of the WTO to adopt greater transparency and accountability, governmental purchasing decisions will increasingly be subject to the scrutiny of other members of the organisation. When discrimination is more apparent given the defined conditions of transparency, an agreement on transparency in government procurement will undoubtedly open procurement decisions up for critical review. As discrimination becomes more obvious and as this discrimination appears to contradict the precepts of the WTO, not only will procurement decisions be subject to multilateral constraints, but the policies which produce such decisions will also be duly influenced.

MALAYSIA IN A NEW ROUND?

As argued by this author, the future trade agenda in the World Trade Organization will go beyond trade as traditionally defined. Where the Uruguay Round introduced non-trade areas into the trade programme, any future negotiations or trade round in the millennium could follow suit, with not only electronic commerce, investment, competition policy and government procurement, but with the more controversial areas of the environment and labour.

Malaysia is in a peculiar place as a member of the evolving WTO. Where it pushes for developed country status within the next two decades, it maintains the derogation demanded by developing countries in the

organisation's agreements. Malaysia, arguably, is in transition, and the question that begs to be answered is when this transitional period ends. This question is not limited to Malaysia's political-economic policies; it extends to Malaysia's participation in multilateral institutions. In the World Trade Organization, Malaysia can be pigeonholed into various categories. Generally, she is a developing country; a vocal representative of the developing countries; a constituent of a regional free trade area, as in the ASEAN Free Trade Area; a member of the agriculture exporting Cairns Group; a rapidly industrialising economy; part of the negotiating group of ASEAN WTO members. Although Malaysia is not alone in fulfilling several functions in the membership, it remains one of the more competitive and more developed developing countries within the WTO. In its industrialisation and high technology drive, Malaysia will be compelled, either by itself or by other members, to participate in agreements or to make commitments that reflect the advanced state of its economy.

It is agreed that the consensus building nature of the WTO along with its multilateral negotiating process allows for coalitions to build across the developed-developing country spectrum, such as the Cairns Group. However, in areas such as government procurement, there remains a clear divide between the industrialised and developing countries. Malaysia has several means in determining her role in the organisation given coalition forming possibilities as well as membership divisions. She can continue to demand exclusion from particular agreements in the mould of a developing country, while at the same time moving to distance herself from the economic baseline of developing countries. She can choose to involve herself in issues which it regards as essential for further industrialisation and for remaining on the higher tier of the technological advancement, such as e-commerce, and exclude herself from agreements that she finds politically or economically unfeasible. She can push for differential treatment or delayed implementation of agreements, with eventual full implementation in a determined extended time period. She can participate fully in all agreements with timely implementation and take advantage of first mover benefits of any further liberalisation in trade or other areas.

All of these alternatives considered, Malaysia appears to have an array of options as a member of the World Trade Organization. Nonetheless, the future of negotiations in the World Trade Organization, as the major trade powers would have it, will not be as gradual or concessionary to developing countries as in the past. As proposed by the United States:

> In an era in which product life-cycles are measured in months, and information and money move around the globe in seconds, we can no longer afford to take seven years to finish a trade round...or let decades pass between identifying and acting on a trade barrier. We should explore whether there is a way to tear down barriers without waiting for *every* issue in *every* sector to be resolved before *any* issue in *any* sector is resolved. We should do this in a way that is

> fair and balanced, that takes into account the needs of nations large and small, rich and poor. But...we can go about the task of negotiating trade agreements in a way that is faster and better than today.[51]

This faster negotiation response was demonstrated in the completion of the Information Technology, Telecommunications and Financial Services Agreements in 1997. Whether negotiations on electronic commerce, investment, competition policy and government procurement will be achieved in the same manner remains to be seen. The increased speed for negotiations has not only been suggested for application between trade rounds, but it has also been pushed for "a new, accelerated negotiating Round to include three different dimensions: global negotiations to open markets in goods, services and agriculture; a dynamic agenda that delivers results on an on-going basis; and institutional reform to make the WTO more transparent, accessible and responsive to citizens". [52]

The European Communities elaborates further in calling for a comprehensive Millennium Round[53]. In the sense that the outcome of a comprehensive round must be determined by consensus, such a round "guarantees that developing country concerns can be put on the agenda, and that nothing can be imposed against the will of individual WTO members, including developing ones."[54] Yet, Sir Leon Brittan added:

> ...it would be a pity...if a feeling developed that there are certain items, such as agriculture, textiles and trade defence instruments, which in some way constitute the priority demands of developing countries, and that on the other hand there are issues such as trade and competition, trade and investment and, indeed, trade and the environment which constitute a developed country agenda...The reality is...more complex than that. In...areas such as competition and investment,...we need to look for an approach which is of widespread benefit to the whole WTO membership and not simply to any particular category.[55]

Any denial of the future of electronic commerce, investment, competition policy, and government procurement in the World Trade Organization on the part of Malaysia would be to her detriment. Continuing her role as an active member in the organisation, Malaysia can ensure that the interests of its citizens will be represented on the new agenda. With the WTO's consensus-building negotiating process, all members will ultimately have to make concessions, but by respecting and using the mechanisms of the organisation, Malaysia upholds the rule-based multilateral trade system as opposed to leaving the world trade system at the behest of irregular and unaccountable trade practices. As the major traders continue to battle within the World Trade Organisation, such intra-organisational disputes should not be seen as a weakness but rather as a strength. With staunch support and participation in the WTO, Malaysia and the rest of the membership provide a bulwark against tendencies of iniquitous unilateralism.

NOTES

[1] "US: World welcomes call for liberalisation talks," *Financial Times*. 21 January 1999.

[2] "Millenium Round not a KL Priority," *Business Times*. 19 April 1999."Brittan in trade talks call to Malaysia," *Financial Times*. 3 April 1999.

[3] The WTO *Declaration on Global Electronic Commerce* adopted on 20 May 1998 (WT/MIN(98)/DEC/2) established a comprehensive work programme on e-commerce in the organisation as well as affirmed that its Members would 'continue their current practice of not imposing customs duties on electronic transmissions.'

[4] WTO. *Work Programme on Electronic Commerce*. (WT/L/274), 30 September 1998.

[5] Bacchetta, Marc, Patrick Low, Aaditya Mattoo, et. al. *Special Studies 2: Electronic Commerce and the Role of the WTO*. Geneva: World Trade Organization, 1998, pp. 66-7.

[6] Ibid., p. 67.

[7] Ministry of Energy, Communications and Multimedia. *Communications and Multimedia Act 1998*. Part I, Cl. 3(2)(a). Available from http://www.kttp.gov.my.

[8] Ibid. See Part VI for Economic Regulation, Part VII for Technical Regulation, Part VIII for Consumer Protection, Part IX for Social Regulation, and Part X Chapter 4 for National Interest Matters. See Part I, Cl. 4 for Territorial and extra-territorial application.

[9] Bacchetta, et. al. (1998), pp. 40, 68.

[10] WTO. *Singapore Ministerial Declaration*. (WT/MIN(96)/DEC), 13 December 1996.

[11] WTO. *Report of the Working Group on the Relationship between Trade and Investment to the General Council*. (WT/WGTI/2), 8 December 1998, pp. 1-3.

[12] WTO. *Working Group on the Relationship Between Trade and Investment: Report on the Meeting of 8 December 1997*. (WG/WGTI/M/3), 10 February 1998, pp. 6-7, Paragraph 24.
WTO. *Working Group on the Relationship Between Trade and Investment: Report on the Meeting of 25 and 26 November 1998*. (WG/WGTI/M/7), 27 January 1999, p. 14, Paragraph 52.

[13] WT/WGTI/M/7 (1999). pp. 11-2, Paragraph 40.

[14] WT/WGTI/M/7 (1999). p. 12, Paragraph 41.

[15] WTO. *Working Group on the Relationship Between Trade and Investment: Report on the Meeting of 1 and 2 October 1998*. (WG/WGTI/M/6), 3 November 1998, pp. 18, Paragraph 62.

[16] WG/WGTI/M/6 (1998), p. 23, Paragraph 79.

[17] WTO. *Working Group on the Relationship Between Trade and Investment: Communication from ASEAN*. (WG/WGTI/W/41), 3 July 1998.
WTO. *Working Group on the Relationship Between Trade and Investment: Report on the Meeting of 6 and 7 October 1997*. (WG/WGTI/M/2), 10 November 1997, p. 8, Paragraph 29;
WTO. *Working Group on the Relationship Between Trade and Investment: Report on the Meeting of 30 and 31 March 1998*. (WG/WGTI/M/4), 5 June 1998, p. 5, Paragraph 18; p. 6, Paragraph 21; p. 10, Paragraph 39.

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WG/WGTI/M/6 (1998), pp. 4, Paragraph 14; pp. 15-6, Paragraph 51; pp. 23-4, Paragraph 79.
WG/WGTI/M/7 (1999), pp. 4-5, Paragraph 15.

[18] WT/WTGI/M/6 (1998), p. 12, Paragraph 37.

[19] Ibid.

[20] Ibid.

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[23] WTO. *Trade and Development, WTO High Level Symposium: Remarks by the Rt. Hon. Sir Leon Brittan, Vice-President of the European Commission.* Geneva, 18 March 1999, http://www.wto.org/wto/hlms/lbdev.htm.

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[25] Ibid., p. 1, Paragraph 5.

[26] Ibid., p. 10, Paragraph 42; p. 12, Paragraph 48.

[27] Ibid., pp. 12-3, Paragraph 40.

[28] Ibid., pp. 2-3, Paragraph 6.

[29] Ibid., p. 5, Paragraph 14.

[30] Ibid.

[31] Ibid., pp. 8-9, Paragraph 35.

[32] Ibid.

[33] APEC. *APEC Competition and Law Database: Administrative Procedures, Malaysia.* Contribution from Ministry of Domestic Trade and Consumer Affairs, http://www.apeccp.org.tw/doc/Malaysia/Admin/myadm1.html.

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[35] APEC. *APEC Competition and Law Database: Issues related to Competition Laws, Malaysia.* Contribution from Ministry of Domestic Trade and Consumer Affairs, http://www.apeccp.org.tw/doc/Malaysia/ Comlaw/myiss1.html.

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[38] WT/WGTCP/M/3 (1998), p. 3, Paragraph 7.

[39] WTO. Working Group on the Interaction between Trade and Competition Policy: Communication from Singapore. (WT/WGTCP/W/28), 15 September 1997, p. 5.

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[43] WT/MIN(96)/DEC (1996), p. 7, Paragraph 21.

[44] GPA/25 (1998), p. 6, Attachment.

[45] WTO. United States: Statement Circulated by Ambassador Charlene Barshefsky, Trade Representative. (WT/MIN(98)/ST/57), Ministerial Conference, Second Session, 18 May 1998, p. 5.

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[52] WTO. "WTO Ministerial Conference 1999 to be held in Seattle from 30 November to 3 December 1999," WTO Ministerials, http://www.wto.org/wto/minist/seattle.htm.

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INDIAN OCEAN SECURITY: A FRAMEWORK FOR ANALYSIS

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INTRODUCTION

This paper puts forward two main arguments. The first is that India takes centre stage in any analysis of Indian Ocean security. This is because India constitutes the core of the Indian Ocean security complex. Geography and geopolitics has made the Indian subcontinent the focal point of any Indian Ocean security strategy. The size and centrality of the subcontinent means that the power that occupies it needs to command both the ocean, and defend the subcontinent from land threats. This fact was recognised by the British when they occupied India. In its imperial defence of its colonial Indian "barrack", British strategy emphasised securing the subcontinent and "sanitising" two adjacent concentric "rings". India is therefore the geostrategic pivot of the region, with the inner defence ring comprising lands and seas immediately adjacent to India, and the outer ring stretching from the Persian Gulf to Thailand.[1] The heartland must be held, the inner ring secured by having allies in control, and the outer ring sanitised by ensuring that the countries there remain friendly to India.

The second argument is that a purely military solution to secure the Indian Ocean today will be prohibitively expensive for New Delhi today in both the short term and long term. India therefore sees the trend towards regionalism in the post-Cold War world as an opportunity to secure the Indian Ocean through non-military means through a policy of "engagement and enlargement". The analytical framework of this paper is therefore based on the assumption that Indian defence strategy has remained essentially unchanged since at least the days of the British Raj, an assumption which is borne out by past and recent writings on Indian defence. What has changed is the instrument. Instead of relying on gunboat or coercive diplomacy, New Delhi is tentatively exploring the use of economic cooperation and regionalism to make its central role acceptable in the region. This policy of regionalism and socialisation is encapsulated in India's dominant role in the Indian Ocean Rim Association for Regional Cooperation (IORARC). The IORARC, from the Indian perspective, is an economic as much as security initiative. It is a form of regionalism which would hopefully enable New Delhi to secure its outer fence without having to resort to an economically and politically costly military solution in a changing world order. A more prosperous Indian Ocean rim will hopefully contribute to domestic and regional stability and make New Delhi more acceptable regionally.

Although the Indian Ocean has been often described as an arena of superpower rivalry, that is no longer the case in the post-Cold War world. Non-resident powers such as the United States no longer share India's overwhelming security concern for the Indian Ocean. The Indian Ocean, whilst important for the US, is still not vital in the final analysis. While other powers might come and go, India is very much part and parcel of the Indian Ocean. The sub-continent's position just above the main sea lines of communication (SLOCs) between the Pacific and the Middle East gives India a central geostrategic position. For New Delhi, the security of the Indian Ocean is perceived as a matter of national survival since it is inextricably linked with the security of India's two defence rings or perimeters. India's strategic priority is to therefore secure the heartland and the two outer defence rings.

Seen in this light, a great deal of India's defence policies and actions become quite explicable. It explains its preoccupation with Kashmir and its inability to come to terms with Pakistan. Indeed, New Delhi's perceived arrogance and high-handedness in dealing with Bhutan, Sikkim, Nepal and the Northeast frontier states is understandable if we consider this northeastern region to be part of India's "inner moat." India's non-aligned policy which it seemingly abandoned when it signed a friendship treaty with the Soviet Union, and its involvement in Afghanistan and in West Asia can all be explained in this larger, historical and geostrategic context of Indian defence strategy.

The post-Cold War World, however, has made Indian defence more complex. The end of strategic bipolarity brought to an end the US-Soviet Union balance in South Asia. The withdrawal of Russia from the region has apparently left India without firm allies in the region. However, the danger which emanates from the Indian Ocean rim today is no longer purely military. There is the revival of a more militant Islam in a westward arc which New Delhi sees as threatening it with encirclement. Islam, combined with ethnic and language issues, is perceived as threatening the heartland itself. Indeed, the danger of the moment is no longer superpower rivalry, but internal ethnic, religious and political dissension which threatens the stability of India, Pakistan and the Gulf states. To complicate matters, the rise of militant Hinduism in India itself makes the Hindu-Muslim cleavage even more stark. India might be the Indian Ocean's most populous nation, but it is ringed on the western and northwestern quadrant by a string of Muslim countries stretching from Somalia to Uzbekistan. In the east lies Malaysia and Indonesia, both of which are also Muslim states, with Indonesia having the largest Muslim population in the world. India itself has a sizeable Muslim minority of 110 million people, or 12 percent of the population. Military power alone will therefore not solve India's security problems. Indeed, any military assertiveness could be interpreted as Indian hegemonism and play into the hands of Pakistan, India's implacable foe since the partition of the subcontinent in 1947.

The first section of this paper outlines the basis of Indian defence strategy, which is to secure the Indian heartland. India's overriding concerns for the Indian Ocean must be balanced against the security interests of the main regional players. Indian Ocean security today, therefore, hinges on the interaction between India, the US and littoral powers of the Indian Ocean.

The second section discusses this relationship. The tension between India and the US has decreased in the post-Cold War world. Indeed, there appears to be increasing congruence of interests. All related security issues involving the other principal players—Iran, Pakistan, South Africa, Australia and Russia—"hang" from this central relationship. Little discussion is devoted to South Africa and Australia, principally because their impact on Indian Ocean security today is still marginal. That could of course change in the future.

The third section tentatively examines the Indian Ocean Rim Initiative (IORI) and the follow-on Indian Ocean Rim Association for Regional Cooperation (IORARC) initiative in the context of India's regional security interests. It puts forward the argument that the current Indian Ocean Rim initiative must be seen against the backdrop of India's wider strategic concerns. This security slant explains why India has taken an exclusive rather than an all-inclusive approach to Indian Ocean cooperation. The

IORI initiative of March 1995 involved just seven countries, significantly leaving out major Indian Ocean players such as Indonesia and Pakistan. The compromise IORARC expanded to 14 members, again leaving out Pakistan and Iran among others. This exclusive approach, it is argued, is the result of India's attempt to use regionalism for both economic and security ends. This exclusive approach helps explain Iran's Indian Ocean Community initiative, which may be seen as the Iranian way to circumvent India's exclusive approach.

The probable contributions of the IORARC to India's economic and security interests are also very briefly touched upon. The IORARC may, or may not, help India to remain the dominant regional power. Whether an empowered India will be a benign hegemon, or whether the IORARC will truly make India part of the region, depends on one's world view. So far, India has not been overly successful at regionalism. Although it has been involved in the economic engagement of the Central Asian republics since the early 1990s, the verdict is still out as to whether these initiatives have been successful. Delhi's regionalism has been limited to the South Asian Association for Regional Cooperation (SAARC) and the Indian Ocean Organisation for Marine Affairs Cooperation (IOMAC), where it has been accused by other members of being somewhat overbearing.

I. INDIA's SECURITY DILEMMA

India's security dilemma is the result of history. The period of British colonisation created and defined India as a modern nation state. Independent India also inherited Britain's strategic dilemma and adopted, consciously or unconsciously, the imperial solution. The Indian Ocean is the smallest of the world's oceans. To the north is the Eurasian landmass. To the east is the "Malay barrier", through which maritime traffic has to transit the narrow chokepoints of the Indonesian and Malacca straits. To the west is Africa and the Middle East, a desert and jungle terrain easily traversed only via the Red Sea and Persian Gulf. Both these bodies of water end in narrow chokepoints - the Bab Al Mandab and the Straits of Hormuz - which are easily dominated from land. Towards the southwest, maritime traffic must transit the Cape of Good Hope, which again constitutes another chokepoint. Australia lies southeast of the Indian Ocean. It is only towards the south that the Ocean ends in a relatively open body of water. Thrusting downwards like a tongue into the Indian Ocean from the north is the Indian subcontinent. The Himalayas and the Hindu Kush mountains act as a barrier north of the subcontinent. India's central position in the Indian Ocean makes it extremely vulnerable. It is open to access from the sea on both the east and the west, and to the north it has a mountainous yet permeable land border. While the mountains and deserts north of India constitute formidable barriers, India, nevertheless, has traditionally

been invaded from overland. Unlike transient maritime powers, the resident power of the subcontinent must control both the ocean and secure the land corridors to the north. Imperial Britain therefore relied on a strategy of naval supremacy and continental defence to secure India.

> "...if the strategic passes in the Indian subcontinent's mountainous northwestern, northern and northeastern frontiers could be sealed against penetration and if the Indian Ocean with its limited gateways of ingress could be exclusively controlled by the Royal Navy and if the political restlessness of its indigenous populations could be moderated, then India would function as a truly secure and puissant `English barrack in the Oriental Seas,' from whence Japanese and Chinese ambitions in the East, Russian ambitions in the North, and Italian and German designs in the West could be properly checkmated".[2]

This description of British strategy encapsulates the Indian defence dilemma. India needs to secure the heartland from internal threats. Next, it must address land-based threats along its northern borders. Last of all, it would have to secure the Indian Ocean rim to ensure a safe environment for New Delhi through a strategy of domination and/or alliances. The security of the subcontinent is made more complex by the fact that the present Indian Ocean rim borders were all arbitrarily drawn up by former Western colonial powers which did not take into consideration ethno-religious group interests. The result is that many ethnic groups are divided by political boundaries and thus cannot identify with the state, laying the ground for potential dissension and secession.

During the early years of independence, India had little choice but to prioritise border defence, together with dealing with secessionist movements in the northeast. Problems with Pakistan resulted in three wars, in 1947 during Partition, in 1965 and again in 1971 when East Pakistan became Bangladesh. India also fought border skirmishes with China in 1959 and 1962. This border conflict indirectly stemmed from India's support of Tibet and the Dalai Lama following the Chinese annexation of Tibet. India, not surprisingly, wanted an autonomous Tibet as a buffer against China, although it accepted Chinese suzerainty over Tibet.[3] In a move which paralleled British Himalayan policy, India attempted to take up advanced positions in the ambiguous border areas of the northeast and northwest, a move which ended in Indian troops being somewhat roughly handled by Chinese forces.[4]

India has demonstrated a steely determination, using both brute force and sophisticated accommodation, to secure its inner "ring," putting down separatist movements in north-east India (Nagaland, Mizoram and Assam) in the 1970s and 1980s. This was one area where the Indian and Chinese frontiers met, and was thus regarded as vital for Indian security. Many

Indian analysts also openly acknowledge that Delhi's politics and policies are closely intertwined with the actions of its neighbours. Disputes with neighbours are therefore often treated as domestic disputes.[5] This attitude is reflected in its integration of Sikkim into the Indian Union in 1975; its support of Bangladesh during the 1971 war; its despatch of a task force to put down a rebellion in the Maldives in 1988; and peace-keeping operations in Sri Lanka in 1990. In the context of overall Indian defence policy, Pakistan and Kashmir falls within the Indian "inner ring". It is therefore unsurprising that India will always feel insecure until Pakistan becomes an Indian ally, and the Kashmir issue permanently settled in India's favour.

The Indian Ocean was, until 1971, dominated by the Royal Navy and the US Navy. These two powers posed no threat to India, thus Delhi could afford to concentrate on securing its inner and outer perimeters on land. The Indian Navy was only given priority after the late 1960s. The Navy did well in the 1971 Indo-Pakistan War, only to see ultimate victory snatched away by a display of superpower gunboat diplomacy when the US nuclear carrier *Enterprise* sailed into the Bay of Bengal to signal to India that it should not invade West Pakistan.[6] The 1971 war also resulted in the creation of Bangladesh, supplanting what was East Pakistan. This removed the Pakistani threat on India's eastern border, simplifying its land defence. What comes out clearly during the 1960s and 1970s is that the axes of threats to India have not changed since the days of the British Raj. From the northeast was the China-Pakistan threat (until the 1971 war); from the northwest was the Pakistan threat; and more recently, from the Indian Ocean appeared naval threats from both extra-regional and regional powers.

India therefore embarked on a programme to upgrade and expand its navy after 1971. This phase of Indian naval expansion, was from the early 1970s to the end of the 1980s. The Soviet Union played an important part in the modernisation of the Indian Navy, by supplying missile strike craft and submarines, and extending credit for the building of a dockyard at Visakhapatnam.[7] During this period, the Indian Navy became the regional "bogeyman", with fears of Indian expansionism being expressed as far away as Australia and Malaysia. There was speculation that the Indian Navy, with two aircraft carrier groups, was attempting to sail to the Malacca Straits and beyond.[8] However, it may be argued, with hindsight, that India was attempting to secure just the Indian Ocean and had no ambitions to expand beyond the Andamans. This period of naval expansion proved to be salutary for India. It revealed that maintaining a regional and reasonably sized navy was a very expensive process. In addition, a purely naval or military approach to secure the Indian Ocean "fence" proved somewhat counter-productive. It aroused fears across the region that India was out to establish some form of hegemonism by using naval

power. In the light of this, and increasing financial difficulties, the Indian Navy has become a victim of budget cuts and has become operationally much less effective than what it used to be during its heyday in the early 1980s. For instance, one aircraft carrier has been laid up with no replacement being likely in the near future.

II. INDIA & THE POST-COLD WAR SECURITY COMPLEX

The "Muslim Factor"

Post-Cold War developments have brought benefits and problems to India. The "Muslim factor" is often cited as one of India's biggest potential problems.[9] Developments and alignments in the Middle East and Central Asia, most of which are Muslim nations, will have increasing impact on the potential balance in the Indian Ocean. India has been preoccupied by the Muslim factor in three respects: its ongoing tensions with Muslim Pakistan and Kashmir; its reliance on Middle Eastern oil; and its own Muslim minority of 110 million. Pakistan is constantly attempting to exploit the Muslim factor against India, and developments in the post-Cold War world could potentially destabilise the Indian Ocean rim and India itself, either through the formation of a Muslim coalition against India, or through internal subversion and proxy war. Indeed, one analyst has asserted that the 1990s is witnessing a major shift in the South Asian security paradigm as states face the prospect of disintegration. Concerns about major power rivalry and Sino-Indian tensions are therefore outdated as states are faced with the "enemy within" in a "back-to-the-future" scenario. Raju Thomas' hypothesis is that all South Asian states are weak states, and that India would have to face a variety of internal and external threats. India's future conflicts would therefore be complicated by the internal uprising in Kashmir, questionable Sikh loyalties in Punjab, and a nuclear threat from Pakistan.[10]

The Muslim factor can develop into a serious threat for Delhi. The demise of the Soviet Union led to the creation of five "new" Islamic states to India's northwest—Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan and Turkmenistan. The five new Central Asian republics, plus the victory of the pro-Pakistan *Taliban* regime in Afghanistan, appears to reinforce the Muslim "crescent" west-northwest of India. Under such conditions, it would appear that India has become isolated in the Indian Ocean region with no "useful friends".[11] Historically, India has cause for concern over the Muslim factor. Iran provided logistical support for Pakistan in the 1971 war, while Saudi Arabia and the United Arab Emirates were believed to have provided funds for Pakistan's nuclear programme.[12] The growing Hindu-Muslim schism in India was also underscored by the riots over the site of the Babri mosque in Ayodhya in 1991/1992. The coming into

power of the Hindu-based *Bharatiya Janata Party* (BJP) might result in Hindu India being isolated in a Muslim sea.

However, the idea of a Muslim coalition being formed against India today is still doubtful because Islam has not entirely united the variety of peoples found along the Indian Ocean rim. Pakistan attempted to form an Islamic Defence Pact in the 1970s and failed. In 1986, Pakistan, Iran and Turkey formed the Economic Cooperation Organisation (ECO), with the five Central Asian republics joining in 1991, and Afghanistan in 1992. The possibility of turning the ECO into a loose military confederation has been raised, but there are serious obstacles to such a transformation. It calls for a sense of unity and a shared vision and goal which is lacking at the moment.[13] Muslim countries still do not take a united stand against India. For instance, Iran and Egypt (together with China) acted to persuade Pakistan to withdraw its resolution to censure India for human rights abuses in Kashmir at the UN Human Rights Commission in 1994.[14]

India is aware of the Muslim factor's potential, and is always on the lookout to consolidate its ties with Muslim countries, especially those which are avowedly secular, such as Iraq and Syria. Thus, Indo-Iran ties remain very cordial today. This probably has as much to do with Iran-Saudi rivalry as Iran's own isolation. Saudi Arabia, a *Sunni* nation which is close to largely *Sunni* Pakistan, is in rivalry with *Shiite* Iran in the Persian Gulf. In May 1995, the US decided on a full trade embargo against Iran. The decision was based on charges of terrorism, human rights abuses, and attempts to dominate the Persian Gulf against Iran.[15] Iran, therefore, has access only to the Central Asian republics and has turned east towards China India, and Russia for trade and technology. Armed turmoil has made access to the Central Asian republics difficult, and Iran has involved India in the construction of a railway from the republics to the Persian Gulf via Iran. More significantly, India is helping Iran with some of its Russian military equipment, notably by increasing the submerged running time of Iran's *Kilo*-class submarines, despite the fact that the Iranian navy carries out joint exercises with the Pakistani navy.[16] In 1995, India and Iran signed a comprehensive set of agreements covering shipping, joint ventures and transit and trade between India and the Central Asian republics via Iran.[17]

India: Still Looking West

The evolving strategic order has demanded that India play a more prominent regional role to secure its outer defence "rings". India's strategic focus is still firmly fixed west-northwest. To the east, ASEAN provides a secure and traditionally friendly "Malay barrier", although the potential

for Indo-Indonesian rivalry in the future cannot be discounted. The southeastern corner of the Indian Ocean is dominated by Australia which has no great ambition to project power into the Indian Ocean. South Africa, lying to the southwest, neither has the will nor the power yet to dominate any substantial portion of the Indian Ocean.

To the north, New Delhi has reached a rapprochement with China, a process begun by the late Rajiv Ghandi when he visited Beijing in 1988. In 1991, a Joint Working Group was established to negotiate the settlement of the Sino-Indian boundary disputes in the Aksai Chin plateau and the North-East Frontier Agency. Significantly, Chinese Premier Li Peng did not raise the Kashmir issue during his visit to New Delhi in December 1991. The issue of Kashmir apparently parallels the situation in Xinjiang, whose people have linguistic and cultural affinities with the Central Asian republics. China's attitude towards South Asia, therefore, have changed from that of "one friend (Pakistan), one enemy (India) to "two friends".[18] Overall, except for the western quadrant, the post-Cold War security situation seems to have improved for India where the big powers are concerned.

US-India: A Congruence of Interests

India initially viewed the post-Cold War World with some reservations because, with the disappearance of the Soviet Union, the United States was left as the sole superpower in the region. India's relationship with the superpowers, especially the US, has been an uneasy one. The nominal basis of Indian foreign policy has been the Nehru-an concept of non-alignment. But, together with non-alignment, there is also the implicit belief in India's "great power status", and therefore the desire to be treated as such over a whole range of global issues.[19] The US, however, has tended to treat its relations with India not as one between equals, but as part and parcel of US relations with the South Asian region. India has therefore been very chagrined to find the US playing the "arms embargo card" against both Islamabad and Delhi by withholding arms supplies. India eventually turned to the Soviet Union for its weapons, and this relationship eventually ended in the Indo-Soviet Treaty of Peace, Friendship and Co-operation in 1971. The Treaty, and the Soviet Union's intervention in Afghanistan in 1979, meant that at least India's outer "ring" in the northwestern quadrant was secured during those years. Nevertheless, India's tacit support of the Soviet presence in Afghanistan soured its ties with the US even more.

The breakup of the Soviet Union had two serious consequences for India. It meant that its most reliable source of sophisticated weapons had

virtually disappeared overnight, and it could no longer count on the Soviet Union to balance other powers in the region. India, however, has on balance, managed the post-Cold War world remarkably well. In the first instance, Indian and US strategic interests are beginning to come closer together. The US is starting to realise that India could be an important strategic partner in security and economics. The opening up of the Indian economy since 1991 is seen as an important opportunity for US business. US multinational corporations has become India's single largest source of Direct Foreign Investments, and India has been identified by the US Commerce Department as one of the 10 "Big Emerging Markets" (BEMS). Indeed, India is now considered to be a safer investment bet than China because the former has a clear democratic (albeit chaotic) process; has an established legal system; and has a deep and vast pool of English-speaking technical and managerial talent.[20]

US security concerns in the Indian Ocean involve both the nuclear and conventional arenas. One of US President Bill Clinton's primary security concerns is nuclear proliferation. A key US aim is to stop the production of nuclear weapons by both South Asian countries and to eventually persuade them to eliminate weapons of mass destruction. Washington passed the Pressler Amendment in October 1990, prohibiting all exports of weapons to Pakistan on suspicion that it was pressing ahead with a nuclear weapons programme. India however, had been less susceptible to embargo pressure because of its arms links with the Soviet Union. But even after the loss of its Soviet ally, India still has been less than cooperative with regard to the nuclear issue. Without going into the rights and wrongs of the issue, India decided not to become party to the Comprehensive Test Ban Treaty (CTBT) and tested its first nuclear warheads in 1998, followed shortly after by Pakistan. The US has apparently come to terms with India's position and has given up any attempts at nuclear "roll-back". The US stress is now on capping the Indian and Pakistani nuclear arsenals.

In the Indian Ocean itself, the US is beginning to realise that there is a congruence of US and Indian interests. As the US begins to gradually draw down in the Indian Ocean after the Gulf War of 1991, it sees a strong, *status quo* power as an asset in the region. Indian Ocean SLOC security, and the maintenance of regimes friendly to the US in the Middle East oil states of Saudi Arabia, Oman, Kuwait, the United Arab Emirates, is of primary concern to Washington. If any country can contribute to burden-sharing, it would be democratic and secular India. On its part, India is not averse to taking on such a role in principle, since it shares the US concern for oil security and the freedom of navigation. As such, India has taken the opportunity to conduct naval exercises with as many

countries in the Indian Ocean as possible, including the US. US-India cooperation is of course viewed with alarm by Pakistan, and the Indo-US relationship has been described as:

> "...a regional deal...cut by India and the United States for their joint projection of their power in the region, including the Persian Gulf".[21]

While India has traditionally looked west rather than east because of the region's strategic oil supply and potential instability, it is still hard to imagine that India has cut a deal with the US to project power into the Gulf region. Not only would such a move be against India's non-alignment principle, but any alliance with a Western power would give the wrong signals to Muslim countries of the Indian Ocean that India has become part of a Western alliance. India, of course, shares US concerns over freedom of navigation in the Indian Ocean and the Persian Gulf. But at the same time, the complex of problems Delhi faces is not confined only to the maritime sphere. It has a range of problems on land as well. As such, India needs to maintain independence of action in the region. India's independent strategy is not only a matter of its own "big power" notion, but a necessity.

India, Russia & the Central Asian Republics

India's relationship with its former ally, the erstwhile Soviet Union, is today defined by the "balance of power, and common interests".[22] Russia remains important as a source of sophisticated armaments for India. However, India no longer enjoys a special relationship with Russia, and is ranked seventh in Moscow's list of priorities.[23] This is reflected in the affair of the cryogenic rocket engines which Russia agreed to sell to India. Russia, however, stopped the sale in 1993 because of US pressure and its insistence that the engines would contravene the Missile Technical Control Regime (MTCR). At the strategic level, Russia has lost interest in the Indian Ocean. It finds common ground with India only in the Central Asian republics.

India regards the republics as part of its outer defence "ring", and is attempting to neutralise any possible Pakistani influence in the region. Afghanistan's involvement in the Tajikistan conflict also worries India, because instability in Tajikistan and Afghanistan could spread to Kashmir. India and Russia are therefore both concerned about militant Islam in Central Asia, and both are obviously keen that the status quo in Central Asia should remain. Pakistan on the other hand, regards the situation in the Central Asian republics as an opportunity to spread its influence and to create for itself an Islamic hemisphere which will also include the Central Asian republics and Afghanistan. Pakistan sees the Central Asian republics as both an economic and security opportunity. As such, it embarked

on a programme to develop economic ties with the new republics. To counter Pakistani influence, India also adopted a strategy of economic engagement. India, on paper, has a fair number of projects with Central Asia, and with Uzbekistan in particular.[24]

India-Pakistan Relations

Indo-Pakistan tensions have entered the nuclear arena. Despite the cuts in real spending on defence by India, there is no doubt that the Indian military machine has become much stronger relative to that of Pakistan. While Pakistan was constrained from receiving US arms under the Pressler Amendment, India continued to enjoy almost unrestricted imports of Soviet arms until the late 1980s. Already, India has overcome some of the problems with regard to arms purchases from the Commonwealth of Independent States and is reported to be on the verge of closing deals for advanced Russian aircraft and tanks, including a production license for the advanced SU-30 fighter.

This asymmetry in conventional forces has made nuclear weapons appear more attractive as a cheap "equaliser" for Pakistan. The Indians are believed to possess from 20 to 100 nuclear warheads, with Pakistan possessing one-fifth the Indian total. Most analysts believe that the use of nuclear weapons by either power is highly unlikely. However, Pakistan is unlikely to launch a first strike because of its lack of strategic depth, and because of the numerical inferiority of its nuclear arsenal.

III. INDIA AND THE IORI/IORARC

Given the above circumstances, it would appear that the situation in the two adjacent Indian defence "rings" as well as the Indian "heartland" has become more complex and challenging. The larger external threats may have disappeared for India, but in their stead have come a host of problems which could destabilise India internally. To the northwest are the Central Asian republics, where both Pakistan and Iran are vying for influence. Afghanistan's civil war goes on, but once that nation consolidates itself, it could once again begin "exporting" Muslim fighters to liberate Kashmir, or meddle in the affairs of the Central Asian republics. The situation in the Gulf and Arabian peninsula is uncertain, with the regimes in Saudi Arabia, the United Arab Emirates and Kuwait all under pressure from both reformist and Islamic forces. Kuwait, too, still feels threatened by Iraq, while Iran is becoming politically and militarily more assertive despite the US embargo.[25]

The new environment calls for adroit management to ensure continued regional stability. India, however, is in no position to impose its will to

secure the Indian Ocean rim. Its naval expansion has been put on hold, and the Air Force and Army are still grappling with the problems of lack of cash and spares.[26] While the external security environment vis-a-vis China might have improved, domestic unrest and dissension in Punjab, Kashmir and Assam still demand military forces. India's experience in the Central Asian republics since 1991 could well have proved that economic cooperation in today's increasingly multilateral world is a far better option than coercive diplomacy in sanitising its defence rings.

Seen in this light, the IORI/IORARC process provides a logical framework, from New Delhi's point of view, for India to engage itself in the region without raising hackles. Whether India was the driving force behind the original IORI process or not is not that important. What is significant that the process provides New Delhi the opportunity to engage the region at a number of levels. As such, India will want to play a leading role in the IORI/IORARC process. The process, again from the Indian viewpoint, is too important to be left to states whose vital interests are not involved.

The IORI/IORARC process is fashioned, in some ways, after the Pacific Economic Cooperative Council (PECC) process which resulted in APEC. On balance, however, there seems to a greater resemblance to ASEAN, especially where the IORI/IORARC Charter is concerned. The objective of IORI/IORARC is ostensibly purely economic, with the stress on economic cooperation. Seen in this light, IORI/IORARC would seem to be a problem in search of a solution. For one thing, most analysts recognise that, apart from the geographic dimension, there is very little in common between most countries of the Indian Ocean rim. There is the disparity in size between island states such as the Seychelles, the Maldives, and Singapore, and continents and subcontinents such as Australia and India. Income disparity is vast, ranging from the GNP per capita of US$19,670 for Singapore to the US$74 GNP per capita for Mozambique.[27] The region includes countries which are almost economic basket cases on the African coast as well as countries with very high growth rates in the eastern rim. Most trade is also extra-regional, with intra-regional trade accounting for only 20 percent of total trade (much of it in oil) compared with 66 percent for the Asia-Pacific. Given the absence of a common basis for economic cooperation, why is it that the whole IORI/IORARC process is being pushed so hard and so fast? Why is this larger initiative being pursued instead of the more modest but more attainable goal of strengthening sub-regional initiatives?

Some light may be shed on the above questions if we examine the genesis of the IORI/IORARC process, its charter and its agenda. Interestingly enough, the Indian Ocean initiative was first broached by South African Foreign Minister Pik Botha during a visit to India in November 1993.[28]

He proposed an economic grouping involving India, Pakistan, South Africa, the Gulf States, and East African nations.[29] Botha apparently raised the issue again during a visit to Australia. Significantly, the first IORI meeting was hosted by Mauritius in March 1995. While it might be quite natural for a regional power like South Africa to suggest such an ambitious initiative, it seems a little strange that it was left to a small island state like Mauritius (area: 2,045,455 square kilometres) to lead the way in operationalising the concept. This Indian Ocean state of one million people has apparently taken the lead in a process which today involves 14 countries, including India with its population of one billion.

Twenty years ago, a writer remarked that Mauritius is

> "geographically isolated, a weak state which cannot and should not have ambition to play an outstanding role in international politics".[30]

It is no secret that India has a special relationship with Mauritius, "the gateway to India".[31] The island not only has an Indian majority, but the ruling elite is dominated by Mauritians of Indian origin. As such, one is left wondering whether Mauritius is not acting as a proxy for India with regard to IORI/IORARC.

The evolution of the IORI process is equally interesting. The March 1995 IORI "first-track" (i.e. official) meeting involved seven "core states" —Australia, India, Kenya, Mauritius, Oman, Singapore and South Africa. That Singapore should be invited as a "core state" while Pakistan, Iran and Indonesia were left out is telling. Australia, which has a great interest in free trade, was apparently a little peeved at the exclusive nature of the "Mauritius process". (personal communication). It responded by hosting the first, and so far the only, meeting of the International Forum on the Indian Ocean Region (IFIOR) in Perth in June 1995. This "second track" meeting was an inclusive process, with representatives from 23 states participating. There has reportedly been a tension between the Australian "all-inclusive" approach and the Mauritian "all-exclusive" approach. Significantly, leading participants in the first-track process, India in particular, "have sought to ensure that the 'second track' only has a restricted role".[32] A compromise was apparently reached during the second inter-governmental IORI meeting in Mauritius in May 1966, where it was decided to extend membership to seven more countries—Indonesia, Madagascar, Malaysia, Mozambique, Sri Lanka, Tanzania and Yemen. A third meeting was held in May 1996. At the fourth inter-governmental meeting in Mauritius in September 1996, the now 14-member grouping decided that the initiative should be known as the Indian Ocean Rim Association for Regional Cooperation (IORARC). In the interim, Iran, left out of the process, decided to hold its own Indian Ocean Community meeting in Teheran in November 1996. The IORI/IORARC process advanced another step when it was formalised at the first Ministerial meeting in March 1997, again held in Mauritius.

What is striking about the IORI/IORARC process is its speed. The process became institutionalised and locked in with its own charter within a year, giving "outsiders" hardly any opportunity to provide inputs or to have their say in the process. There are parallels between IORI/IORARC and the ASEAN process during the latter's early days. ASEAN, like IORI/IORARC, was set up ostensibly as an economic and cultural association. Security was a dirty word for ASEAN until after a generation. Yet, ASEAN's primary achievements have been in the political and security arena. In this sense, the IORARC Charter contains strong political undertones. It is long on rhetoric on the benefits of economic cooperation without being in any way explicit. IORARC's key objectives are to "promote the sustained growth and balanced development of the region...and to create common ground for regional economic cooperation", and "to focus on those areas of economic cooperation which provide maximum opportunities to develop shared interests and reap mutual benefits".

In contrast, the Charter is explicit about the foundations of cooperation, i.e. the fundamental principles, which will be based on "respect for the principles of sovereign equality, territorial integrity, political independence, non-interference in internal affairs, peaceful co-existence and mutual benefit". This stress on territorial integrity and non-interference mirrors ASEAN's preoccupation with non-interference and territorial sovereignty. The IORARC Charter, therefore, like the ASEAN Charter, places great emphasis on the maintenance of the political *status quo*. And like ASEAN, the IORARC seems to emphasise the consensual approach, with "decisions on all matters and issues and at all levels...taken on the basis of consensus". The exclusive, almost club-like approach adopted by ASEAN is reflected in the IORARC membership clause. All sovereign Indian Ocean rim states are eligible for membership, except that membership "will be decided by Member States".

The IORARC Charter hints at why the association has adopted an exclusive approach, since "bilateral and other issues likely to generate controversy and be an impediment to regional cooperation efforts will be excluded from deliberations". The unofficial reason why Pakistan, for instance, has been left out of IORARC is that India does not want the association to become embroiled in security issues and hence distract IORARC from economic issues. Nevertheless, it is remarkable that an association whose ostensible primary aim is to promote sustained and balanced regional development based on historical bonds and "with a sense of recovery of history" and "geo-economic linkages" should leave out countries like Iran and Pakistan.

From a purely economic viewpoint, it makes little sense to exclude Iran and Pakistan from the IORI/IORARC process. In political terms, however, Pakistan would most likely bring on board with it a highly politicised agenda which main aim would be to thwart the growth of

Indian power and influence. This would polarise IORARC and frustrate its nominally economic agenda.

Iran has been left out for an' even more fundamental reason. It would be difficult to manage Iran, in the first place because it is an increasingly assertive regional power. Iran, of course, sees IORI/IORARC as an opportunity to break the economic and technological stranglehold imposed by the US-led embargo. Given this need to break the embargo, Teheran is bound to introduce its own specific economic/political agenda. Iran thus represents a potential alternative focal point to India in the IORI/ IORARC process. Iran's agenda might not only diffuse Indian influence, but run directly counter to Indian interests. In other words, Iran could eventually "hijack" the IORI/IORARC process. Politically ambitious Iran is a regional power whose influence must not be underrated. As such, it is imperative (from the Indian viewpoint) that Teheran be left out of the process, unless of course New Delhi can be 100 percent certain that the Iranian agenda will coincide with and reinforce India's own agenda. One is therefore left with the feeling that a political agenda is just as important, if not more so, than the economic agenda. Officials at the various IORARC meetings have reported, for instance, the lack of an economic focus, and that cooperation has been touted for the sake of cooperation. However, if we look at IORARC as an instrument to ensure regional stability through the maintenance of the *status quo*, then the Mauritius process does make sense.

CONCLUSION

India is at the centre of the post-Cold War security complex in South Asia. India, as the largest and most powerful resident power in the Indian Ocean, is faced with the problem of securing both the Indian heartland as well as the outer rings on its periphery. While some features of the new strategic environment favours India, for example its *rapprochement* with China and the US, there are other disturbing developments from Delhi's point of view. The most potent of these appear to be the growing schism between a more assertive and militant Islam in the region, and the Hindu revival in India. This politico-religious schism can isolate India externally and destabilise it internally. The crescent of Muslim states west of India appear to be increasingly more militant, more Islamic and less secular. In addition, the creation of five new Muslim nations in Central Asia, as well as the disappearance of the secular regimes of the Iranian Shah and the communist Afghan government, seems to tighten the Islamic ring around India. The Muslim factor can thus become a dangerous enemy without and within for India, given the fact that an increasingly weak Pakistan is only too eager to exploit the Islamic factor.

The use of traditional military force to sanitise India's two outer defence "rings" is therefore unlikely to be a permanent solution. Indeed, military force is becoming prohibitively expensive to project, both economically and politically, in today's multilateral world. Yet, India is aware that Islam is not a monolithic force ranged against India. Delhi is aware in its dealings with Iran, Iraq, Turkey and other Middle Eastern countries that nationalism, ethnicity and economics are sometimes stronger forces than Islam. India's experience of the economic engagement of the Central Asian republics has revealed that bread is more effective than the gun. More than that, it has seen Pakistan's attempts to woo the Central Asian republics being undercut by Turkey and Iran. These two Muslim countries are interested in maximising economic opportunities for themselves, not merely undermining Indian interests. As such, the IORARC initiative seems to be a logical instrument for India to extend its influence in the Indian Ocean rim by offering the opportunity for a win-win situation for all participants.

The economic engagement of such a vast region might prove to be very costly for a single player. Thus, an exclusive approach might limit the extent of engagement to those countries deemed most responsive to any Indian advances, or most likely to provide economic opportunities for India, while at the same time leaving out the two most potentially dangerous spoilers of the modern "Great Game", namely Iran and Pakistan. The IORI/IORARC may thus be seen as a non-military instrument for India to socialise the Indian Ocean rim, and to ensure that the Muslim countries will not come together as an anti-India coalition. It fits rather neatly into the British-Indian strategy of securing the "barrack", and sanitising (socialising in this instance) the two outer defence "rings". IORI/IORARC might not be economically successful, but it might have considerable political returns for India. However, if IORI/IORARC succeeds in its economic objectives as well, then India will enjoy an added economic bonus as well, which will only enhance its stature and power in the Indian Ocean region. In the final analysis, India, the status *quo power*, wants to maintain the political status quo, and IORI/IORARC holds promise in achieving this goal. Whether this process will empower India in the long run, and turn India into a regional hegemon, or whether India will become more neo-liberal in its dealings with the rest of the region is a subject for debate. However, in the light of Southeast Asia's dealings with India, there seems to be no reason to worry even if the Indian Ocean becomes an Indian lake. India has not looked farther than its outer defence rings beyond the Andamans and the western coast of Thailand. As such, Indian domination of the Indian Ocean region will ensure, at the very least, that ASEAN Southeast Asia will not have to worry about protecting its back while it looks firmly east towards the South China Sea, and China and Japan in the years to come. In this sense, ASEAN and India have played, and can continue to play, complementary security roles by ensuring the stability of their respective regions.

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[7] Mansingh, *op cit*, p. 151.

[8] J.N. Mak, "The Indian Navy: Friend Or Foe?", *Asia-Pacific Defence Review*, Kuala Lumpur, April 1994.

[9] The term "Muslim factor" is used in this paper rather loosely as a convenient shorthand for Muslim states and interests in the region. It is not implied in this paper that Islam is a monolithic, unifying force whose main aim in the Indian Ocean is to counter India.

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[11] Ross H. Munro, "The Loser: India in the Nineties", *The National Interest*, No. 33, Summer 1993.

[12] Sandy Gordon, *India's Strategic Posture: 'Look East' or 'Look West'*, Working Paper No. 225, Strategic & Defence Studies Centre, Australian National University, Canberra, 1991, p. 3.

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[30] Ferenc A. Vali, *Politics of the Indian Ocean Region: The Balances of Power*, The Free Press, New York, 1976, p. 167.

[31] V.P. Dutt, *op cit*, p. 64.

[32] McDougall, *op cit*, p. 60.

FUTURE U.S.-SINO SECURITY RELATIONS: STEPPING THROUGH THE LOOKING GLASS OF TECHNOLOGY[1]

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INTRODUCTION

In March 1999, former U.S. Defense Secretary William Perry stated, "I cannot point to a time in recent history when I was more concerned about the U.S.-China relationship based on what is going on within Washington today."[2] The drum beats loudly and consistently from many quarters within the United States that China is seeking to position itself again as a great Asian regional power, and perhaps as a global power, in the very near future. That thesis by itself is undoubtedly true. Indeed it should be assumed that China is seeking economic prosperity and that there will come a political corollary to that prosperity. A rise in Chinese status will clearly degrade the current high-riding regional position of the United States, forcing a role change upon the United States. But whether China's intention is to aggressively pursue that course, as a direct threat to the United States, is less certain. However, many in Washington profess

that scenario as the only possible conclusion to be drawn from Beijing's actions and policies. Consequently, the United States seems moving along a course where that assumption increasingly dictates both its rhetoric and policy toward Beijing, a possible example of the self-fulfilling prophecy.

The anti-China rhetoric, says Perry, "poses one of the greatest risks to security in Asia."[3] Headlines in 1999 indicate the prevalent Washington attitude toward Beijing. "McCain Says Clinton's Policy on China Damages U.S. Security,"[4] "GOP Calls for Hill Probe of Chinese Nuclear Spying,"[5] and "Leading Senators Demand U.S. Limit Help for Beijing,"[6] are just a few examples. The motivation alleged is Beijing's iniquitous quest for U.S. technology, as portrayed in news articles including "China Exploits U.S. Computer Advances,"[7] "China Stole Data on Atom Warhead, U.S. Report Finds,"[8] and "Hughes and Loral Technology Export to China Harmed Security, Panel Says.[9]" One must recognize, however, that additional fuel is provided by the 2000 U.S. presidential election. In the 1960's, the Democrats rode to power on the "missile gap." Now, a "security gap" or "Chinese spies" again raises the issue of administration resourcefulness in protecting national security. The latter, "Chinese spies," mirrors the earlier 1940's-1950's concern with Soviet atomic and other spies; an issue used by Republicans in 1952 in their pursuit of the presidency. American politics is thus replete with examples where international security issues had great domestic political impact.

The analytic problem with drawing conclusions about China's intentions based upon the questions raised in 1998 and 1999 is that multiple and clearly distinct issues seem to have been commingled and misconstrued. Those issues include: 1) if Beijing has been inappropriately granted political favours by the Clinton Administration; 2) the linkage between Chinese human rights issues and U.S. foreign policy; 3) whether the U.S. system for safeguarding technology transfer is flawed; 4) the merits of continuing the current U.S. policy of engagement with China, and 5) the debate over the risks and benefits of technology transfer as an element in that engagement process.

The answers to the first and second questions lie beyond the scope of this paper but are being intently scrutinized in multiple other forums and contexts. The answer to the third question, dealing with security safeguards, will likely be affirmative. Loral already has stepped forward and reported to the State Department that a copy of the Western-compiled 1996 Intelsat 708 satellite accident report had been sent to the Chinese before U.S. government permission had been granted. This was in violation of the company's own rules.[10] Other allegations that during the Reagan Administration China may have compromised the W-88 nuclear weapons design now seem confirmed.[11]. Indeed, a bi-partisan congressional report has concluded that U.S. technology has been misappropriated in multiple cases by many countries over a period of twenty years.[12] The flaws allowing such breaches in the security systems need to be addressed.

This article focuses on the fourth and fifth issues. Specifically, we prefatorily argue that engagement will, explicitly or tacitly, continue as the U.S. policy toward China. Although the term may be changed for political acceptance purposes, the premise will remain intact. Subsequently, technology transfer is argued as a positive element in that engagement, and as a tool for building more favourable future U.S.-Sino relations. An assessment is made within that context concerning what constitutes a favourable future scenario, from both the U.S. and Chinese perspectives. Although the answers differ, they are not necessarily zero-sum. Critical within each perspective also is what we see as the employment of technology-related activities as "signals" for foreign policy intentions. Historical and current examples are included to illustrate that premise. Perhaps because of the complex (real or perceived) nature of technology, these technology signals can and often are easily misread or misinterpreted, possibly triggering spurious or unintended results. Finally, suggestions regarding what policy steps, including those concerning technology transfer, can be pursued as prudent and effective tools toward improved future U.S.-Sino relations are suggested.

ENGAGEMENT

U.S. policy-makers might do well to step back and carefully review the spectrum of alternatives in China's domestic future before making hard decisions about U.S. policies toward China. The adage "be careful what you wish for, as you just might get it" comes to mind as an otherwise potential result of reaction rather than rationality. At one end of the possible spectrum, Beijing could effectively deal with its myriad of domestic issues, allowing economic growth to continue and grow. That would enhance its capacity to assume an increased role in the region, and the world. Such a situation might not be good for the United States, especially if U.S.-Sino relations are strained or even hostile.

Earlier, U.S.-Sino hostility was acceptable from the United States' perspective because China was so comparatively weak. The future may prove more disturbing to American complacency about China's status, especially if the relationship grows increasingly adversarial. On the other end of the spectrum, Beijing might collapse under the weight of its onerous domestic problems, resulting in serious economic stagnation or decline. Extrapolating from historical precedents, it would not be unheard of for the Beijing government to seek an external diversion to unite the people against an external target, rather than themselves. That situation existed in the 1950's with the Chinese derogation of the American "paper tiger," albeit a tiger with nuclear teeth. That scenario might not be good for the United States either. However, scapegoating is a long-standing practice in security debates, as the current congressional debate over technology transfer exemplifies.

Based upon that simplistic analysis, one might easily conclude that the best option for the United States becomes the status quo where the U.S. maintains her position as the dominant regional power while China forever remains an adolescent. That has become, unfortunately for the United States, not a viable option. Adolescents do grow up, one way or the other. China will change, likely becoming a stronger, more powerful state. As reluctant as the United States is in accepting that reality, failure to do so will likely have the same result as a neglectful parent. China can mature as a responsible member of the Family of Nations, willing to work with others because her own best interest is to do so. Alternatively, China can continue as a loner, working outside international norms because it has no experience doing otherwise or sufficient reason to learn otherwise. If one accepts that maintaining the status quo is not an option, a critical premise, then, perhaps the next best option for the United States becomes constructing a future where it is in Beijing's best interests to act responsibly regionally and globally. How to get there from here then becomes a key policy question, especially keeping in mind that few adolescents welcome or even accept responsibility without some notion of recompense.

Continuing with the China-as-an-adolescent analogy, perhaps U.S. policy-makers need a crash course in parenting. On that topic, however, there exist as many differing theories as there are on international relations. Whatever parenting approach one favours though, from tough love to indulgent nurturing, none advocates disengagement. You cannot influence anyone or something without interaction. Role models, learning by example and interactive learning are all essential developmental and educational tools for good reason. Disengagement implies that something or someone does not matter or have any value. Despite the ongoing partisan controversy, the United States perceives China and the larger Asia-Pacific region as critical to their global future. That importance impacts upon the U.S. directly and indirectly upon states aligned with the U.S. such as Japan and South Korea. Therefore, continuing interaction, engagement, interaction, connections, contact, whatever one chooses to call it, with China, becomes imperative. The question is how to do it prudently.

TECHNOLOGY AS A TOOL: LESSONS LEARNED

The spread of scientific knowledge cannot be stopped, it can only be slowed. Science is science; physics is physics, in all countries. The only aspect of control which remains realistic is the length of time other states' technicians take to figure out how to apply the universal premises of science to develop the applications they seek. Although sharing technology clearly leads to an eventual climb up the learning curve, the dominant partner controls its pace. Denying technology, on the other hand, forces an accelerated autonomous program, espionage, or both. The realistic goal of technology transfer policy, therefore, should be sustaining control over pace.

The United States recognized the benefits and requirements of leadership during the early years of the civil space program.[13] Other nations were not going to be denied access to and the use of outer space. International cooperation seemed and proved to be an effective way to benignly guide the focus of other countries' programs in ways favourable to the United States. Therefore, the United States offered launch services to Europe and other countries capable of providing a scientific satellite. This method was effective, however, only as long as U.S. dependability as a partner was not questioned. Even then, partners fell into two categories. There were those like Canada, which explicitly choose not to make the investment in launch vehicles because the benefits of resisting that investment far outweighed the benefits of making that investment. There were also those like Europe which had not ruled out autonomous launch vehicles development, but were willing to proceed slowly along the learning curve as long as the U.S. remained a dependable and non-discriminatory partner.

When Europe decided to move from building and operating only scientific satellites to application satellites as well, the willingness of the United States to provide launch services began to waver, and dependability was questioned. Subsequently, Europe decided to break the bonds of dependence and build an independent launcher, the Ariane.[14] The European decision to build their own launcher ironically allowed Canada to continue resisting the temptation to develop their own launch vehicle because the Ariane provided them an option to total dependence on the United States.

In the case of Japan, the U.S. shared launch technology in the 1970's and 1980's through licensing arrangements that proved a win-win situation for both countries.[15] Development of yet another competitor to U.S. launch vehicles was delayed longer in Japan than it was in Europe, with an American aerospace company reaping financial benefits in the interim. As long as the Japanese relied on their N series of launchers, developed with U.S. licensed technology, what was launched remained subject to U.S. control. Not until the Japanese moved to their indigenous H series, at least partly to free Japan of U.S. control, did the U.S. lose its influence. Clearly, there were benefits to engagement at all levels, including technological, versus attempts at denial.

Nuclear technology provides similar outcomes where selective access to the technologies diverted or seriously delayed dissemination. The premise of the Non-Proliferation Treaty (NPT) is controlling the spread of weapons by making the availability of nuclear technology contingent upon peaceful use and an inspection regime. Clearly, such an arms control regime is not conclusive but the delays and opportunities inherent in the process can divert many states from proceeding down the path toward weaponization. That is further reinforced by American commitments to defend non-nuclear states from attack by nuclear states. Thus, at two levels, the U.S. has, all things considered, successfully pursued an agenda of nonproliferation

of nuclear weapons first and technology second. Otherwise, states would be unrestrained and excessively fearful of the consequences if they neglected the nuclear option.

Technology is, or should be, one of several foreign policy linkage tools available to policy makers. After Tiananmen Square, however, many links between the United States and China, other than space technology, were suspended (for example, military technology transfers). There were two effects from that cutback. First, U.S. leverage over China, especially the military, was greatly reduced. Second, the significance of space technology rose disproportionately as a linkage tool.

Some argue that the launch of U.S. commercial space technology on Chinese launchers was the "carrot" in a de facto nonproliferation deal. That is, commercial space cooperation was originally and only linked to Chinese restraint in missile proliferation. Others argue that it had more to do with unavailability of relatively cheap, easy access to space, especially in the mid-1980's after the successive Shuttle, Atlas and Titan accidents. Assuming proliferation restraint as the primary goal, however, the argument then continues that if China does not act with restraint, then sanctions ought to be imposed, the carrot taken away.[16] That makes sense, if one is willing to limit the available linkage tools even further. Also, one could argue that China's proliferation record has been reactive to what they perceive as "signals" from the United States; such as the sale of F-16's to Taiwan during the Bush Administration followed by China's sale of M-11 missiles to Pakistan. Perspective is clearly important. Currently a considerable number of dangerous signals are being sent and received, with few attempts to counter them or expand opportunities for unambiguous interaction.

U.S. PERSPECTIVE

When President Clinton ordered the bombing of Iraq at the commencement of his impeachment hearings, speculation that it was a diversionary tactic *a la* the movie *Wag the Dog* ran rampant. The speculation may well have been accurate, as it is neither unheard of nor uncommon for politicians to divert attention from one issue by creating another. Indeed the danger of that premise was cited earlier referring to one end of the spectrum to which China might resort. With the end of the impeachment trial, however, the 2000 presidential election looms as the next big test of public political will. As the gavel came down to close the impeachment hearings, public opinion and election analysts began to speculate. Would the public remember that it was the Republicans who so vigorously sought the impeachment and reprimand them through their votes, or would impeachment now cease to matter? Clearly the Republicans are pushing for the latter.

One way to abet that scenario would be to create a new issue on which the public could focus attention. Preferably, that issue would be one that could ignite strong public feelings, one that includes elements of scandal, intrigue, sensational revelations, and perhaps even an enemy to replace the Soviet Evil Empire that the Reagan Administration relied on so successfully in the 1980's. The Chinese seem to fit the bill perfectly, right down to a "different" physical appearance, always a good descriptor for an enemy. Whether by intent or merely coincidence, new issues do appear to be emerging, with the Republicans reaping some benefits. Early election polls in March 1999 showed the Republicans out in front with electors in the area of foreign policy, with voters specifically citing Republican diligence concerning China as influential.[17]

Clearly issues exist concerning China and technology transfer that should, indeed must, be addressed. The demands of domestic and partisan politics aside, nobody manufactured the fact that China was inappropriately given a copy of the Intelsat 708 accident report, or that the Chinese obtained sensitive data from the Los Alamos in the mid-1980's. Both of these instances represent security problems, which will likely force changes in systems employed in conjunction with U.S. technology. Not for the first time in U.S. history, however, the substantive issues appear to have been "spun" for partisan benefit. Apparently this has occurred more by happenstance than plan at first, though when the potential political rewards became clear, with more of a strategic design.[18]

A strikingly similar situation occurred after the Soviet launch of Sputnik in 1957. While *Life* magazine led the press in their learn-as-you-go coverage about satellites, rockets and missiles with their primer that basically argued to Americans the case for being panicky,[19] President Eisenhower addressed the nation on radio and television to assure the public that things were under control. Texas Senator and Majority Leader Lyndon Johnson immediately commenced hearings in the Preparedness Subcommittee of the Senate Armed Services Committee on how the United States had fallen behind in this critical technology race. The implication was clear, that the Republican Administration had allowed it to happen through malfeasance and neglect of national security. [20]

The "missile gap" was revealed to the American public, sending frenzied citizens to build bomb shelters in the basement or back yard and stock them with food. From 1958-61, America was consumed by the Soviet's "big bluff", which was basically confirmed by the U.S. Congress. Classified U-2 flights beginning in 1956 disproved the substance of the missile gap claim. But when that information was given to the Senate in January 1960, Senate Democrats claimed that the Administration had tampered with intelligence data. After Francis Gary Powers was shot down and the need for secrecy vanished, Allen Dulles testified before Congress in 1960

for 5 1/2 hours, with photographs, that no missile gap existed. The press and campaigning Democrats refused to acknowledge the information. Only after there was a change in administration and the Cuban missile crisis in October 1962, when Khruschev blinked, was the last illusion of the missile gap publicly dispelled.

If one looks closely at the "revelations" which have been made public in 1998 and 1999 with great angst and zeal in Congress with the help of a press always game for a good sensationalist story[21], they are almost esoteric. But the impact, though not at a level of the late 1950's, is politically significant. First is the "bombshell" that China is engaged in espionage. This is both common sense and common knowledge to anyone in the national security business. Israel and Russia have been among other countries recently linked to unsavoury technology sharing episodes, and espionage, though in those cases with little congressional backlash. A 1997 FBI report to Congress identified 23 countries, including many "non-traditional threats," that are now actively targeting U.S. critical technologies and proprietary economic information.[22] But the case of Jonathan Jay Pollard, an American jailed for spying for Israel, is a foreign policy footnote rather than a foreign policy driver. Consequently, one can only assume that those who seem surprised by this revelation are either dangerously uninformed, or are feigning surprise for some other political reason.

The second and third "revelations" both relate to the Chinese space program and U.S. policy regarding launching satellites from Chinese rockets. The first of those is that rocket technology and launch technology are symbiotic. Until the Space Shuttle, the only other "rocket" launcher in the U.S. civil/commercial stable that had not been birthed as an offensive "missile" was the Saturn V built explicitly for the Apollo program. Delta, Atlas, and Titan all were designed as Inter-Continental Ballistic Missiles. To have non-proliferation and foreign policy specialists surprised that China would then follow the same path seems both puzzling and hypocritical, unless their surprise is, again, more spin than substance.

The issue, of course, is not really that missile and rocket technology are symbiotic, it is that this symbiotic technology can be shared with unintended recipients. Almost as an aside in all these hearings and discussions, China has been cited as selling sensitive technology to countries like Pakistan and Iran. This is a problem, indeed likely a key foreign policy issue, to be addressed, rather than lost in the myriad of other charges. Further, it needs to be addressed globally, not just unilaterally with China. The alleged sale of Russian nuclear and missiles technology to Iran was covered more widely by the BBC than most American news outlets. That event certainly escaped the kind of Congressional scrutiny that allegations about China have drawn, as did the alleged sale of anti-laser technology sale by Israel to China.[23] That Russia is planning to supply Libya with its S-300 air defence missile complexes[24] has raised little fury in the United States either.

The third revelation to electrify both Congress and the press is that satellite owners want their satellites to be launched successfully. Having "exposed" that, clearly it seems only common sense to extrapolate that corporate greed continues to triumph in the zero-sum, mutually exclusive tug-of-war between economics and national security. Economic arguments for continuing to support the launch of U.S. satellite technology on Chinese boosters have been dismissed as selling out U.S. national security for profit. Economics, however, is an inextricable part of national security. The United States won the Cold War not in armed conflict, but by outperforming the Soviets and eventually bankrupting them. Ignoring the positive role that aerospace plays in the U.S. trade balance defies logic for the sake of a sensationalist sound bite. According to the U.S. Industry & Trade Outlook '98, space vehicles equipment and space propulsion units and parts ranked second and third in growth rates between 1996-1998 for 149 manufacturing industries and groups. [25] That kind of economic data cannot simply be ignored.

China sometimes does not help its own case. Statements made by PLA officials and run in U.S. newspapers, like the 1996 threat to incinerate Los Angeles with nuclear Armageddon[26] are like gasoline on a fire. Why would such a statement be made? The official making the statement, Xiong Guang Kai, Deputy Chief of Staff of the PLA, is a noted party hard-liner. He made the statement in a conversation with a former Assistant Secretary of Defense, Chas.W. Freeman, Jr., who was travelling in China for discussions with senior Chinese officials. It is entirely possible that it was simply a personal remark of bravado, off-handedly made. Alternatively, there is another scenario. As the remark was made in the context of a discussion on Taiwan, perhaps it has to do with different views on what constitutes non-negotiable vital interests.

The views from Beijing and Washington are very different, with radically different cultural underpinnings. Although one could argue that the idea of basic human rights is not national, but global, rightly or wrongly perceptions of what encompass those rights differ. U.S. efforts to guide other countries to the American view of what human rights include are often thwarted by what they see as inconsistent U.S. policy in that area. Why, they ask, is the U.S. indignant about Tibet and China, but not so Saudi Arabia, Palestine and other strategic U.S. allies?

Beijing is constantly occupied with an extensive list of domestic issues impacting stability. The environment, unequal distribution of wealth, population, reform of the state owned enterprises (SOEs), lack of a rule of law, health care, a decentralized tax system and natural resources (e.g. running out of water in some areas, floods in others) are just a sampling of the challenges with which Beijing must contend internally. Indeed military and security issues must compete with these and more for both attention and funding.[27]

Subsequently, Thomas L. Friedman placed the current U.S. on China into perspective in a March 1999 *New York Times* editorial:

> We debate about China as though President Jiang Zemin woke up every morning and said, "Hey, where can I threaten America today?' Nonsense, Mr. Jiang wakes up every morning and says to his aides: "What? Our unemployment level is now 101 million? But yesterday you told me it was only 100 million." That's what he's focused on because that's what can kill him and his party — not American power. Managing China's weakness — and the turmoil it could spew out of here— when China's current system hits the limits of its adaptability could turn out to be an all-consuming task for U.S. foreign policy as well.[28]

The extraneous nature of U.S. policy debates relative to the realities facing China seems clear.

Where U.S. security analysts perhaps first begin to bifurcate about China policy is on the issue of the strength of communism in China. While analysts are united in agreement about the economic potential of China, they are badly fractured on how well that potential transfers into a communist military threat. There are those who feel that few people among the Chinese population any longer believe in or would be willing to fight for communism. Unquestionably though, membership in the Communist Party is still the best way to progress on the career ladder of success. Those who lately have the ear of the U.S. press and Congress, however, seem to feel that while the number of communists of the Cultural Revolution variety are decreasing in number, the even more dangerous ones are those who have become socialized to an increasingly modern world. This group, they believe, is still anchored to a bedrock of uncompromising communist beliefs, and utilizing economic development as a tool for the ultimate advancement of communism. This provides an explanation for why China would want to launch a nuclear strike against Los Angeles. Its realism may be subject to question in the larger scheme of things.

THE CHINESE PERSPECTIVE[29]

Alternatively, Chinese rhetoric that supports the hard-line view that has recently dominated discussions might be considered differently. First, such might be considered as responses to both actions and U.S. denunciations. Second, the response might be a pragmatic approach to individual career advancement. Third, that it is more likely indicative of resurgent nationalism, which is replacing communism as the dominant ideology in China. Nationalism can either be a constructive, building force, or a volatile, dangerous force, depending on how it is handled internally and externally.

Considering the recent hostile rhetoric, the Chinese may well have reason to wonder whether the United States is hostile or friendly to China. American verbiage about engagement in recent U.S. national security strategies meant little to the Chinese. But "enlargement" strikes a particular troubling chord for them, especially in combination with adages like "containment now," also gaining strength among some policy circles in the United States. These arguments are drawn from analogies to the rise of the Soviet Union post World War II. Many in China perceive these strategies as linked to Japanese militarists. Indeed the signing of the U.S.- Japan Security Treaty in April 1996 went virtually unnoticed in the United States, but not in China.[30] Further, just like death and taxes, the annual debate in the U.S. Congress over China's Most Favored Nation (MFN) trade status has become a sure thing. The arguments on that issue are curiously similar to those regarding aerospace technology.

One of the issues China and the United States most fervently disagree on is Taiwan. Just as one man's terrorist is another man's freedom fighter, to China, Taiwan is a renegade province, to the United States it is a fledgling democracy. The relationship between China and Taiwan is a delicate balance where one does not stray too far from the other, nor get too close. Taiwan, the United States, and China know that China does not have the conventional amphibious military capability to recapture Taiwan, nor the political desire to demolish the economic infrastructure that enables Taiwan to thrive in the process of conquering. Economically the ties between the mainland and the island are such that China could squeeze Taiwan with relative ease, though all parties understand that doing so would also hurt the mainland. Militarily, Chinese missiles are the one military club that Taiwan does not have the capability to counter. They are a sword the Chinese-Goliath brandishes reminding the Taiwanese-David that both parties are engaged in a delicate dance involving pride, or face, as much as anything else.

So when China scheduled its missile tests over the Formosa Straits in March 1996 just prior to the Taiwanese elections, the immediate military intent was clear - nothing. It was a symbolic act by China reminding Taiwan not to stray too far from home. Likely it was also as much for internal posturing by the Chinese Second Artillery for prominence and funding within the PLA as a signal to Taiwan. However, that event became the first of three technology signals to which the U.S. decided it must respond in kind. The other two are the August 31, 1998 launch of a North Korean Taepo Dong 1(TD-1) missile[31], and the alleged build-up (some analysts feel they have been there all along) of Chinese ballistic and cruise missiles in Eastern and Southern China. Those events were strong enough signals to trigger a response from Washington, one that continues in an upward spiral of confrontation potential.

The initial U.S. signal was sent, from Beijing's perspective, via U.S. dialogue and actions regarding the ballistic missile defense (BMD), including a programme called Theater High-Altitude Area Defense (THAAD). Expanded as a result of the demonstrated effectiveness of the Army's patriot programme during the Gulf War and subsequent pressure from Congress, BMD programmes range from upgrades to new, cutting edge systems. THAAD falls into the category of Theater Missile Defense (TMD) programmes intended for military use in foreign defence campaigns, as the Patriots were used against Iraqi SCUDs in the Gulf War. The National Missile Defense programme encompasses several component programmes, intended for the defence of the United States. As TMD programmes can be sold to or fielded in foreign countries, the Chinese are concerned about their potential. Since the new TMD programmes have been plagued with technical problems though, Beijing's immediate interest has been regarding the United States' posturing with the programmes in the region.

THAAD is the most technically mature of the upper tier systems. Originally slated for initial deployment in the beginning of the next century, advocates in DOD and Congress pushed it forward to, initially, 1998. The system has proven technically challenging to say the least. Indeed there have been six consecutive test failures, and perhaps the most perplexing aspect of the failures for system designers and engineers is that each failure has been attributed to different causes. Although the programme was restructured in 1996 in an attempt to try and better deal with the difficulties, a test in April 1999 marked the latest target miss.

From the Chinese perspective, the technical aspects of the programme are not nearly as frightening as the zeal with which deployment is being pushed in Washington. In December 1995, General Gary Luck, the four-star commander of the US forces in Korea, took exception to a decision by the Joint Requirements Oversight Council (JROC) which would have the effect of delaying the deployment of new theater missile defense system to his area of responsibility (AOR). Gen. Luck urged that two THAAD batteries with a total of 18 launchers be deployed as soon as possible. Chairman of the Joint Chiefs of Staff, General John Shalikashvili, responded negatively to General Luck's request via cable on 19 January 1996, which was a non-decision really as there was no deployable system. The enthusiasm for deployment, however, did not go unnoticed.

The mere possibility that Taiwan could get access to a TMD system makes TMD threatening to the regional military balance of Northeast Asia from the Chinese perspective. Indeed it was reported in the Hong Kong based *Wen Wei Po* newspaper in early 1999 that China has warned the United States that including Taiwan in a regional missile defense system would be a "wrongful act" and could compel them to take military action.[32] Although the Taiwan Defense Ministry had apparently endorsed TMD in a recent report, it later denied rumors that Taiwan was planning to join with the U.S. in working on TMD.[33]

A study group composed of senior technologists and headed by retired Air Force General Larry Welch evaluated the past performance and offered recommendations for future programme management of BMD programmes. Released in February 1998, the report characterized the programmes as a "rush to failure". The entire anti-missile programme currently being undertaken has been characterized as having only one fatal flaw: "it won't work".[34] Still, however, supporters in Congress and elsewhere continue to press hard for continued research and fast deployment of these (particularly THAAD) technically plagued systems. In fact, that enthusiasm has grown over the past year.

How might the Chinese interpret this entire scenario? The Chinese may see the United States as trying to tip the delicate balance with Taiwan by taking away the only sword that Goliath-China can brandish over David-Taiwan, and, more importantly, that Taiwan becomes a U.S. protectorate when this system is deployed. The perhaps not coincidental timing of the Los Angeles/Armageddon reference on January 24, 1996 evidences that some people in Beijing might indeed have read Washington's BMD signals as such threatening threats that their seriousness had to be emphasized. Here is where the entire scenario becomes ironically circular, as Washington then includes reference to the remark as justification for the U.S. ballistic missile programme.[35]

Taiwan is not the only country in the region interested in TMD. That Japan has decided to launch four spy satellites in 2002 and is working with the United States on TMD has been a great source of concern for Beijing.[36] Clearly, Beijing will feel the pressure to respond in kind technologically, including upgrading its technology to send a signal responding to Washington. Whether the signals being sent and received by Washington and Beijing through this technology interchange are the ones intended has, apparently, not been addressed.

THE FUTURE: NEAR AND FAR

In the near-term the technological tempest-in-a-teapot that has been brewed will be blown away by the same political wind that blew it in, when it becomes expedient to do so, just as happened with the Missile Crisis in the 1950's-1960's. There are a variety of different political scenarios that might occur in this regard. First, although the Republicans are currently making the most of their political opportunity for simultaneous Clinton and China bashing, they have yet to come up with a realistic alternative to the current China policy of engagement. They are aware that sooner or later voters may ask concerning their own foreign policy plans. Trying to isolate China is not only unrealistic but also virtually

impossible and counterproductive for world peace. Politically, China has been a valuable associate with the United States on issues such as trying to deal with the North Koreans that we cannot afford to lose. In a simple economic sense, China is being courted for its market potential by most other countries of the world. The U.S. could clearly end up isolating only its own industries. The domestic issue for the United States becomes reconciling the economic, nonproliferation and military aspects of national security.

The debris left behind from this latest political storm will have lingering effects that would have an impact on U.S.-Sino relations over the longer term if not addressed in some coherent manner. In terms of engagement with China, there seems little doubt that the next couple of years will be difficult. Republicans, even if they back off advocating harsh actions, will feel compelled to continue with harsh rhetoric. Democrats will likely avoid the China issue except when forced to defend themselves. Indeed, much to the chagrin of the aerospace industries, the Clinton Administration became noticeably silent about the technology transfer issue after the 1998-99 congressional hearings. Chinese Prime Minister Zhu Ronghi offered in April 1999, for the first time, to open the Chinese telecommunications sector to foreign investment in return for U.S. support of Chinese entrance into the World Trade Organization. U.S. support, however, remains tentative. Steps have already been taken within the bureaucracies and the interagency process to move toward a far more conservative approach in technology transfer than has been evidenced since the Reagan Administration. These will negatively colour U.S.-Sino relations (as well as those with other nations and organizations)[37] in the near-term.

In terms of what the United States wants in the longer terms, perhaps the best source for identifying those goals is its National Security Strategy.[38] In the Preface of the National Security Strategy, three core objectives are stated, required in accordance with the Goldwater-Nichols Defense Department Reorganization Act of 1986. These objectives are:

* To enhance our security.
* To bolster America's economic prosperity.
* To promote democracy abroad.

Furthermore, the goals of the strategy are stated as ensuring "the protection of our nation's fundamental and enduring needs: protect the lives and safety of Americans, maintain the sovereignty of the United States with its values, institutions and territory intact, and promote the prosperity and well-being of the nation and its people."[39] Maintaining certain characteristics of the international environment are seen as key to achieving that goal. Stability, democratic values and respect for human rights and the rule of law, the health of the international economy are

all considered interrelated pieces of a larger mosaic which together forms a picture of a world most amendable to the U.S. national security goals.

Clearly there exist forces threatening U.S. interests. These include regional or state-centered threats. In East Asia, for example, North Korea has been and remains a volatile, menacing nation to South Korea, to the U.S. troops there and to the entire region. Transnational threats including terrorism, crime, drugs, illicit arms trafficking, and uncontrolled refugee migration must be dealt with effectively. Dissemination of dangerous technologies, including weapons of mass destruction (WMD) and their delivery systems, especially to rogue states and terrorist groups, are major concerns, as is foreign intelligence collection, and these are often related. Failed states also present problems straining the international system and hence stability, and must be attended to. The interrelated nature of these issues must also be recognized, so that proper mitigation strategies can be designed and implemented. Addressing one part of a multi-faceted problem while ignoring the others is neither efficient nor effective.

In terms of Chinese goals, political scientist Fred W. Riggs put forth a developmental theory in the 1960's, actually he called it a "provisional paradigm", which is particularly relevant today for China[40], and likely much of Asia as well. Riggs basically posits that political development occurs when a semblance of balance is maintained between the competing forces of participation in government decision-making and the distribution of benefits generated by governmental activities, and the capacity of a government to solve the problems confronting it.[41] One can substitute economic development into his model, which then requires balance between a political spectrum ranging from authoritarianism to democracy. This balance succinctly represents the dilemma with which China must today contend.

Regardless of what shape Chinese leadership wishes its government to take, the state is forced to respond to societal pressures as those impact the country's ability to advance economically. Just as economic development interacts with the political environment, so too does the country's economic condition impacts the ability of the government to maintain itself. On the authoritarian end of the pendulum, for example, are issues such as human rights, the control of information flow from sources such as the internet, and political freedoms issues, where the government in Beijing feels it is essential for its survival to maintain a firm hand. On the liberalization end of the pendulum are issues such as improved living conditions, expanded employment opportunities, and a more viable domestic legal system, where continuing expectations for betterment must also be considered as requisite for domestic political stability.

Therefore, in terms of areas of mutual interest between China, the United States, and other regional countries, maintaining sufficient economic

growth in China to support a stable domestic political system clearly appears in everyone's favour. Implicit in this equation from the American perspective is the policy assumption or hope that such economic growth will ultimately lead to a more democratic situation. Engagement and technology transfer provide the United States an effective vehicle in that regard. That returns us to the original question of what steps might be taken to work toward a more positive and non-confrontational future for U.S.-China relations.

Finally, it is important to note that from a regional perspective, a desirable future for China is plainly one that supports the domestic political stability requisite for sustaining economic development. If China implodes to any significant extent the regional ramifications would not be inconsequential. The danger then is not only from diversionary Chinese military adventurism, but also in the indirect spillage of problems from within Chinese borders, including environmental pollution, illegal migration, corollary food issues, and a litany of others. With many of China's bordering countries already struggling, the Asian house of cards could quickly come tumbling down.

STEPS TO A BETTER FUTURE

The steps suggested here are not definitive in the sense that alternatives can obviously be created *ad infinitum*. Rather, the purpose is to cut back the underbrush of political rhetoric in order to concentrate upon essentials. Understanding that political matters are partisan matters in most instances, the focus here is to move toward those policies which have been defined as supportive of American interests generally. Disagreements over specifics will persist but that should not defeat progress but rather broaden acceptance. Ultimately, all participants are driven by the desire to maximize their national interests, the devil is in the details.

First, in recognition of the technology transfer issues raised in 1998-99 and the legacy that they have created, a review of technology transfer guidelines and safeguards is essential. The issues to be sorted out include determining what is possible to protect in terms of both hardware and know-how, and the more intangible considerations of user parentage, associations, and motivations. Without clear definitions, it will be impossible to build effective safeguards. As a corollary, the ambiguities that have surfaced in conjunction with classification issues in the espionage cases[42] need also to be addressed. Generally speaking, in too many instances it seems the United States is engaged in a new game of politics trying to use old, dysfunctional rules. The Cold War demanded one set of rules, the present requires its own.

Certainly the United States needs to conduct this process on its own, but also with the entire international community involved with technology transfer. Assuming that controlling the pace at which sensitive technologies are acquired in China, Iran, North Korea and other such countries is the desired outcome, then the United States cannot act unilaterally.[43] Space-related technology is available from non-U.S. suppliers, which will not hesitate to fill the void left by the United States whenever possible. A recent case of a retired Japanese businessman selling sensitive telecomparators to China through South Korea (as Japan has far fewer restrictions on exports to South Korea than to China) is another example illustrating the need for a multilateral approach.[44] That the Chinese have urged a ban on space weaponry as a way of forcing the U.S. to abandon TMD, through the United Nations, is indicative both of China's angst over the TMD issue, and their propensity toward favoring multilateralism.[45]

The Missile Technology Control Regime (MTCR) offers one possibility for collective action. Because it is a carrot-and-stick organization, however, many people in the nonproliferation community fear that the Chinese would, through MTCR membership, gain more than they give up. Realistically, however, any mechanism for collective action requires both benefits in return for sacrifices. Perhaps, however, the time is ripe for a comprehensive review of what are dual-use technologies with a treaty realized in that area, one appropriate for the post Cold War environment.

Second, specific efforts are needed to facilitate clearer signals being sent between Beijing and Washington. Vast cultural and decision-making differences need to be acknowledged and accommodated. Toward that end, increasing the number of linkages becomes essential, so that no one linkage takes on disproportional importance. An increased and expanded web of international cooperation, rather than detachment, then becomes a more viable policy tool for the United States. Additionally a call for increased reciprocity acknowledges and attempts to deal with the fact that China and the Chinese system of operation remains opaque to most outsiders, which causes not just misunderstanding but mistrust. On the U.S. side, although the U.S. need for policy flexibility is sensible, recognition ought to also be given to China (and other countries) perceiving flexibility as inconsistency. And finally in this regard, assurances are as necessary a part of foreign policy as deterrence. This seemingly simple foreign policy tool seems also increasingly overlooked, while increasingly essential in a world where technology can be not just read as a signal of intentions, but misread as well. Perhaps the reason it is overlooked is that policy ambiguity is thought to maintain flexibility, when in reality it may only lead to miscalculation.

The opaqueness of the Chinese system is both cultural and encouraged. The latter will be overcome only with Beijing's permission. On a regular basis, Chinese officials come to the United States and are given guided

tours of almost every facility they request, assuming they are open to foreign delegations generally. The same is clearly not true in China. The Chinese are happy to show visitors the Great Wall and the terra cotta soldiers in Xian, but beyond those the pickings can be slim. Defense Secretary William Cohen stressed the need for such reciprocity with China during the March 1999 induction of Admiral Dennis Blair as commander in chief of the U.S. Pacific Command in Hawaii.[46] Military leaders have complained about lack of reciprocity in the past, and apparently now U.S. leaders intend to upgrade the issue on its priority list with Beijing. This could be a very instructive, though admittedly difficult, lesson for Beijing, one that will pay off in the long run for everyone.

Third, Beijing must become a full member of the Family of Nations, with all the rights and responsibilities that it entails. Although the suggestion to flood Beijing with a plague of lawyers in black suits is somewhat tongue-in-cheek in its imagery, the underlying premise is absolutely serious. Corruption, illegal enforcement of laws and breaking regulations have reached such a level where even Beijing admits the problem.[47] The United States wants Beijing to act as a responsible member of the Family of Nations. Beijing offers assurances that it would like to do so, but bemoans that it does not have the requisite skills and trained personnel, and hence the capacity. As Beijing has repeatedly asked for help in this area, if only because the risks for American businesses in China are recognized as high because its legal system is so porous, certainly it becomes incumbent upon the United States to provide such assistance if only for its own benefit. The pressure on U.S. companies trying to establish themselves in China is that no deal is ever final in China, and they more often than not are changed to China's benefit after investments are made. A serious step in this area has both micro and macro, near-term and long-term impact.

The flip side of this, however, is that Beijing has shown itself in the past to be a very fast learner in terms of "breaking the code" of legal loop-holes, nuances and precedent. It should be expected that their general claims of sovereignty over domestic issues, including issues such as human rights, will increase with legal sophistication. Legal obligations are a tool that Beijing can be expected to use as well as become obligated. This provides Beijing a vested interest in the system, however, which is a desirable effect.

Collectively, these suggestions support a continuance, though perhaps more finely honed, version of engagement. Engagement is essential and, if properly planned, can create cooperative opportunities rather than political and economic competitors. The best chance for entering the twenty-first century with China as a member of the Family of Nations is through constructive engagement. For those unwilling to acknowledge that possibility, then engagement must be pursued if for no other reason than in recognition

of the Chinese military strategist Sun Tzu's adage, "know your enemy." Currently, our speculations are done blindly. Regional security as well as U.S. national security interests demand better.

CONCLUSION

"Above all, I would like to see a moderation of the rhetoric that persists in referring to China as an enemy," said former Secretary of Defense William Perry in March 1999. "If we treat China as an enemy," he added, "it will surely become one."[48] Perry's statement succinctly points out that both U.S. words and actions today will shape its future with China tomorrow. Both words and actions have consequences; there is no political free lunch. Perhaps more than any other nation on Earth right now, the United States has the ability to guide its own destiny. Sadly, however, short-term political rhetoric, rather than reasoned analysis, seems to be dangerously dictating that future.

Terrorizing the bureaucracy on an issue like technology transfer is easy for Congress. The idea of being technologically inferior has sent Washington into a frenzy before, and will do so again. The consequences, however, have already begun to pinch as allies including those in NATO (its current military partners in Serbia) are rolled into the same category as China by Washington's new technology transfer restrictions. Even Canada, a long-standing technology partner, is a victim. Thus, the damage to American interests globally has moved well beyond China. An inability to make rational distinctions between friends and possible adversaries demonstrates the bankruptcy of this initial reaction. Revision, however, takes time given the workings of Congress, plus the loss of momentum both economically and politically must be recovered.

The upcoming elections will concentrate attention on such issues. The difficulty is that the intoxication of politics renders many temporarily irrational. Unfortunately, the United States in pursuit of its national objectives may be significantly damaged and, in that process, harm other societies and the world order. Moving beyond the merely political to accomplish long-term security interests requires stepping through the looking glass to a more grounded and realistic approach.

Both China and the United States will find it impossible to ignore the other in the future, near and far. Therefore, it will be in the best interests of each to both learn to communicate better, and to look for increased linkage tools through which to communicate, in appreciation of actions speaking louder than words. Technology provides one avenue to pursue, but it also can be misread and can escalate events on perhaps unintended presumptions. Therefore, it is not just technology hardware that must be handled with care, but the accompanying politics as well.

NOTES

[1] The views expressed in this article are those of the authors and do not necessarily represent the views of the Asia Pacific Center, U.S. Pacific Command, the Department of Defense or the United States Government.

[2] Sarah Davison, "Perry Warns Anti-China Mood is Bad," *Washington Times*, 23 March 1999, 15.

[3] Davison, 15.

[4] Dan Bellz, *The Washington Post*, 16 March 1999, A16.

[5] Roberto Suro, *The Washington Post*, 8 March 1999, A13.

[6] Eric Schmitt, *New York Times*, 16 March 1999, A1.

[7] Michael Laris, *The Washington Post*, 9 March 1999, A1.

[8] James Risen and Jeff Gerth, *New York Times*, 21 April 1999, A1.

[9] Robert S. Greenberger, *The Wall Street Journal*, 31 December 1998, A3.

[10] Peter B. DeSelding, "Satellite Licensing Issue Reignites; Veto Looms: Scrutiny Chills Great Wall's Relations With Customers," Space News, 21-27 September 1999, 20.

[11] Risen and Gerth.

[12] Jeff Gerth, "Pentagon Inquiry Faults Missile Maker's China Aid," *New York Times*, 9 December 1998.

[13] See: Joan Johnson-Freese, *Changing Patterns of International Cooperation in Space*, (Malabar, FL: Orbit Book Company, 1990), Chapter 1.

[14] Roger B. Handberg and Joan Johnson-Freese, *The Prestige Trap, A Comparative Study of the United States, European and Japanese Space Programs*, (Dubuque, Iowa: Kendall-Hunt Publishing, 1994), Chapter 9.

[15] Joan Johnson-Freese, *Over the Pacific: Japanese Space Policy Into the Twenty-First Century*, (Dubuque, Iowa: Kendall-Hunt Publishing , 1993), Chapter 8.

[16] See, for example: Interview with Henry Sokolski, Space News, 29 March 1999, 30. Question: "How else might Washington influence these countries not to proliferate?" Sokolski: "The way you encourage national governments to do a better job of nonproliferation is not limited to rewarding them with access to the kinds of technologies they would be denied for bad behavior - when they have not changed their behavior."

[17] Richard Morin and David S. Broder, "Poll Shows GOP Leads in Foreign Policy, *The Washington Post*, 17 March 1999, A1.

[18] Helen Dewar and John F. Harris, "GOP Putting New Edge on Policy Fights," *The Washington Post*," 19 March 1999, A1.

[19] 21 October 1957, 19-35.

[20] See: Walter A. McDougall, *...the Heavens and the Earth*, (New York: Basic Books, 1985), Chapter 6.

[21] It should be noted that not everyone has viewed the reporting as sensationalist. Indeed the *New York Times* staff, with a special mention for Jeff Gerth, was awarded a Pulitzer prize for a series of articles that, according to the award citation, reported that despite national security risks, two aerospace companies had improperly shared expertise with China with the approval of the United States government. Alex Kuczynski, "Teacher Turned Playwright Is Among the Winners of 22 Pulitzer Prizes," *New York Times*, 13 April 1999, B9.

[22] James N. Thurman, "Spying on America: It's a Growth Industry," *Christian Science Monitor*, 23 March 1999, 1.

[23] Agence France-Press, "Israel Says Gun Data Not Given to China," *Washington Times*, 4 February 1999, A13.

[24] "Russia Plans to Sell Missiles to Libya," *Washington Post*, April 24, 1999, 14.

[25] DRI/McGraw-Hill and Standard & Poor's and U.S. Department of Commerce/International Trade Administration, (New York: DRI/McGraw Hill, 1998).

[26] *New York Times*, January 24, 1996.

[27] See: Andrew J. Nathan and Robert S. Ross, "The Great Wall and the Empty Fortress: China's Search for Security," (New York: W.W. Norton & Co., 1997).

[28] Thomas L. Friedman, "China's Choices," *New York Times*, 23 March 1999, A23.

[29] See: Joan Johnson-Freese, *The Chinese Space Program: A Mystery Within a Maze*," (Malabar, FL, Orbit Books, 1998), Chapter 2.

[30] Joseph S. Nye, Jr., "An Engaging China Policy," *The Wall Street Journal*, May 13, 1997.

[31] The North Korean's refer to the TD-1 as a rocket. Rocket and missile technology is, however, basically symbiotic, with differences primarily found in guidance systems and, of course, payloads.

[32] Associated Press, "China Cautions US on Missile Defense for Taiwan - Report," Taipai, January 11, 1999.

[33] Jason Blatt, "Taipei Denies Interest in US Missile System," *South China Morning Post*, January 12, 1999.

[34] John Pike, "Anti-Missile System Won't Work," *USA Today*, 27 July 1998, 12.

[35] *The Executive Summary of the Report of the Commission to Assess the Ballistic Missile Threat to the United States*, Pursuant to Public Law 201, 104th Congress, 15 July 1998, II/C/3.

[36] See: Associated Press, "North Korea has deployed missiles, Japan reports," *The Honolulu Advertiser*, 3 January 1999, p.A4.

[37] Peter B. De Selding and Warren Ferster, "NATO Allies Decry New U.S. Export Policies," *Space News*, April 26, 1999, 1,28; Peter B. de Selding, "Export Issues Touches Europe," *Space News*, 8 March 1999, 1,20.

[38] National Security Strategy for a New Century, the White House in October 1998.

[39] National Security Strategy for a New Century, the White House in October 1998, p.5.

[40] This provisional paradigm provided the theoretical basis for the analysis constructed in my 1998 book on the Chinese space program. *The Chinese Space Program: A Mystery Within a Maze* (Krieger Publishing, Malabar, FL, 1998).

[41] Fred W. Riggs, "The Theory of Political Development," *Contemporary Political Analysis*, ed. James C. Charlesworth (New York: The Free Press, 1967) 317-349.

[42] James Brooke, "An Earlier China Spy Case Points Up Post-Cold War Ambiguities," *New York Times*, 13 March 1999.

[43] Joan Johnson-Freese, editorial, "Taking Control of Space," *Space News*, 15 February 1999, 15.

[44] Stephanie Strom, "Japan Holds Executive in Sale of Sensitive Machines to China," *New York Times*, 10 February 1999, A5.

[45] Peter B. de Selding, "China Urges U.N. Ban On Space Weaponry," 22 March 1999, 1,19.

[46] Barbara Opall-Rome, "Cohen Presses PLA for Access, Transparency," *Defense News*, 8 March 1999, 4.

[47] John Pomfret, "Chinese Officials Bare Flaws in Legal System," *The Washington Post*," 11 March 1999, A24.

[48] Sarah Davison, "Perry Warns Anti-China Mood is Bad," *Washington Times*, 23 March 1999, 15.

MOTIVATIONS AND IMPLICATIONS OF INDIA'S AND PAKISTAN'S NUCLEAR TESTS[1]

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INTRODUCTION

Almost one year ago, India and subsequently Pakistan conducted a series of underground nuclear tests. The motivations underlying those tests, their implications for the Asia-Pacific, and their implications for United States relations with the subcontinent have been matters of considerable interest and attention since. This article attempts to address these two issues.

The Background to India's and Pakistan's Nuclear Tests

The nuclear tests conducted by India and Pakistan in May 1998 are the most overt manifestations of long-standing nuclear programmes. In India's case, the May 1998 explosions are even less a departure from the past because the country conducted what it termed a "peaceful nuclear explosion" (PNE) in 1974. These were Pakistan's first confirmed and

publicly acknowledged nuclear tests. However, Pakistani officials have hinted at their nuclear weapons capabilities for at least the past decade.

In considering the motives behind the tests, a distinction needs to be made between the background of India's and Pakistan's nuclear weapons programmes in general, and the specific decision to conduct nuclear tests in May 1998. This distinction is important because the underlying motivations for having nuclear weapons programmes help to explain in each country's case why they tested and what shape their respective nuclear programs might take in terms of doctrine and strategy in the future.

In a nutshell, India's desire for nuclear weapons stems from a desire to be accorded great power status and prestige. But, this desire for status and prestige is not separate from calculations about the linkage between this status and India's security. In the past, India has emphasised arguments about discrimination in rejecting the international nuclear order. The discriminatory nuclear order is not rejected on moral terms alone, but because this order does not serve Indian interests. Today, the emphasis of India's position has shifted to the security implications of her being one of the nuclear have-nots. In other words, discrimination has been linked with insecurity. The most forthright expression of this view comes from India's foreign minister Jaswant Singh. Writing in a 1998 issue of *Foreign Affairs,* he makes explicit the negative security implications for India of remaining outside the group of "nuclear haves":

> Since independence, India's nuclear policy has been to seek either global disarmament or equal security for all. The old nonproliferation regime was discriminatory, ratifying the possession of nuclear weapons for the permanent 5 members of the UN Security Council while preaching to the nuclear have-nots about the virtues of disarmament. India was left sandwiched between 2 nuclear weapons powers, Pakistan and a rising China. The end of the Cold War has not ushered in an era where globalization and trade trump old-fashioned security woes.[3]

India's specific decision to conduct tests must be seen in the context of this linked concern between being left out of the recognized "nuclear-haves" and its perceived security threats. In particular, India saw the indefinite and unconditional extension of the nuclear non-proliferation treaty (NPT) in 1995 and the opening for signature of the Comprehensive Test Ban Treaty (CTBT) in 1996 as profoundly negative developments. The former development, in the Indian view, legitimized nuclear weapons states in the hands of the five nuclear weapons states (NWS) forever. The latter, India saw as coercion because an entry into force clause required

India's (and 44 other countries') signature before the CTBT could go into effect. In essence, from its perspective, as Jaswant Singh put it, "India's options had narrowed. India had to ensure that its nuclear option, developed and safeguarded over decades, was not eroded by self-imposed restraint."[4] The NPT extension and the CTBT promulgation, in other words, were critical to shaping the May 1998 decision to conduct nuclear tests and move towards a "weaponized" Indian nuclear posture. That both the Narasimha Rao-led Congress government in 1995 and the short-lived Bharatya Janata Party-led government in 1996 undertook preparations for nuclear tests suggests that NPT and CTBT developments then underway were prime motivations for exercising the nuclear option openly.

In this context, there also was growing Indian concern about Pakistan's nuclear and missile developments, including China's assistance to the Pakistani programmes, as well as China's own economic and military rise in power generally, and specifically its perceived intransigence on the Sino-Indian border dispute. While there is little doubt that these concerns played a part in India's decision to test, it is also true that there was little that was new about these concerns. Therefore, the degree to which these specific security concerns motivated the tests is open to question. However, it may be the case that the combination of the developments on the international nuclear nonproliferation regime front with those on the security front, were troubling enough to India to precipitate the tests.

Pakistan's nuclear programme and its nuclear tests following those of India, are motivated by what may be characterized as "narrower"considerations (though state and national survival are hardly minor concerns for any country). Pakistan's nuclear programme has essentially been motivated by security concerns vis-a'-vis India. Defeat in the 1971 India-Pakistan War and India's nuclear test of 1974 were the critical jump-starts to Pakistan's nuclear development. To many Pakistanis, possession of a nuclear weapons potential is critical in ensuring security, even survival, against a hostile, larger and more powerful neighbour.

Against this background of the basic motivations for Pakistan's nuclear weapons programme, the decision to respond to India's tests in kind was not surprising though the evidence suggests it was also a decision taken after careful deliberation. As Pakistan's nuclear weapons programme's *raison d'etre* is India, then a response to India's blasts with its own followed the internal logic of Pakistan's nuclear programme. Other considerations included bellicose statements by Indian leaders immediately after the tests, the "weak" response of the West and the international community to India's tests, doubts about the willingness of the United States, the United Nations or any other power to protect Pakistan from Indian aggression, and strong domestic pressures.

IMPLICATIONS OF INDIAN AND PAKISTANI NUCLEAR WEAPONS FOR ASIAN SECURITY

The implications of India's and Pakistan's nuclear weapons capabilities for the wider Asian security dynamics are as yet unclear. But, several points are discernible at this stage.

Looking East

First, the possession of nuclear weapons by India and Pakistan is not sufficient in and of itself to shape the two countries' interactions with the wider region. Though the nuclear tests were criticized in the region (most vociferously by Japan), Asian countries' responses generally were more muted than elsewhere (e.g., South Africa, Brazil, Argentina and Australia). Even Beijing focused its ire on India's naming of the PRC as an enemy rather than the tests themselves or India's possession of nuclear weapons. ASEAN as a group was unwilling to name either India or Pakistan explicitly in its formal criticism of the tests, and linked this criticism with calls for a reduction of nuclear weapons by the recognised nuclear weapons states. Subsequently, ASEAN has refused to participate in a Japan-sponsored task force on the subcontinent's tests. Finally, the nuclear tests do not appear to have altered ASEAN's determination to remain distant from the subcontinent's security concerns such as Kashmir. Speaking at the time of fifth meeting of the ASEAN Regional Forum in July 1998, just two months after India's and Pakistan's tests, Philippine Foreign Minister and ARF chair Domingo L. Siazon Jr. stated that "[w]e do not wish to involve ourselves in Kashmir, it is outside our footprint. We'll leave it to some other braver country."[5]

Apart from Asian responses to the nuclear tests themselves, the implications for India's and Pakistan's wider economic, diplomatic and even security relations with the region appear to be unruffled. This is not to suggest that relations have improved, only that on balance the tests have not had much impact either negatively or positively for Asia or for India's and Pakistan's relations with Asia. Both India and Pakistan have been, over the past several years, pursuing their own versions of a "look east" policy.[6]

To date, India has been more successful in engaging constructively with Asia. On the economic front, for example, India's trade with the region has tripled from $2 billion in 1992 to $6 billion in 1996. Since the Southeast Asian financial crisis in late 1997, these figures have dipped, but the trend line is generally upward. Of course, the total two-way trade between India and Southeast Asia represents only a small portion of overall trade for both parties and reflects an increase from an extraordinarily

small base. On the political and diplomatic front, India has also made some strides in improving relations with Asia. For example, she has now full dialogue-partner status with ASEAN and has been invited to participate in the ARF. It is important to note that both of these developments occurred amidst India's rejection of the indefinite extension of the NPT and volte-face on the CTBT. In other words, India's diplomatic and political ties to Asia improved in the context of its various decisions to retain its nuclear option. Immediately after India's nuclear tests, with the exception of Japan, no other Asian country recalled its ambassadors or moved to eject India from "Asian" regional organisations. Finally, India and certain Asian countries have continued to engage with India on naval visits and other low-level exchanges and exercises in the military field. Indeed, some analysts suggest that, depending on the direction of India's foreign and domestic policies and the dynamics of Asia's evolving security order, India could be seen by some regional countries as a player in that order. All of this suggests that India's nuclear detonations have not fundamentally altered India's engagement strategy with Asia, nor have they profoundly affected Asia's security outlook in the near-term.

In Pakistan's case, membership in ASEAN and the ARF were not on a fast track prior to its tests, and the tests do not appear to have affected that pace either positively or negatively. Though Pakistan, when it also comprised East Pakistan (now Bangladesh), was once adjacent to Southeast Asia and a member of the Southeast Asia Treaty Organization (SEATO), today Pakistan has a much more Western-oriented focus. The Middle East, for obvious reasons of faith, fuel and funds (particularly remittances from overseas workers in the Gulf), remains critical for Pakistan's foreign policy. The re-emergence of Central Asian states from Soviet rule has further attracted Pakistani attentions to the northwest, though the Afghan civil war constrains Pakistan's ability to offer Central Asia a southern route to the sea. Though Pakistan and some states in southeast Asia share the Islamic faith, this tie as yet has not led to any concrete results in terms of strong, outspoken support by these countries for Pakistani membership in Asian regional organizations such as ASEAN-PMC or ARF. One of the key concerns amongst southeast Asian countries has been "importing" India-Pakistan tensions and rivalry in to the sub-region. For this reason, the nuclear tests, by increasing India-Pakistan tensions, may work to further delay Pakistan's entrance into Asian regional organisations.

A Broken Nuclear Chain?

Another consideration arising out of India's and Pakistan's nuclear tests is the possibility of a chain reaction of nuclear weapons tests and development in the Asian region. Such a reaction, were it to occur, would

follow the classic chain reaction process for nuclear weapons development described thus:

> "U.S. mastery of nuclear weapons technology at the end of World War II was quickly matched by the Soviet Union. In turn, Soviet nuclear capabilities spurred the deployment of nuclear weapons by two erstwhile allies, Britain and France. China went nuclear in 1964 to meet perceived threats by first one, then the other, superpower adversary. Beijing's nuclear explosive test, following on the heels of China's victory over India in the 1962 war, gave rise to the Indian nuclear weapons program and a national debate over the "nuclear option"...India tested its own nuclear explosive device in 1974. This pattern of events was replicated a decade later, when Pakistan responded to its defeat at the hands of India in 1971, and to India's 1974 nuclear test, with a nuclear weapon program of its own."[7]

A year after India's and Pakistan's nuclear tests, there have been no other nuclear tests, much less by another country in Asia. However, nuclear weapons development is much more difficult to gauge, though here too there is little evidence that any Asian country has embarked on a nuclear weapons programme because of the Indian and Pakistani actions. Indeed, Indian and Pakistan nuclear weapons capabilities have been known in India's case at least since 1974 and Pakistani officials have hinted at their country's capabilities since at least the mid-1980s. So, if these two countries' nuclear weapons programmes were to spur another Asian country's programme, it should have happened long ago. Only China is a recognized nuclear weapons state in Asia and the Democratic Peoples' Republic of Korea's (DPRK) motivations for moving down the nuclear weapons path appear to have nothing to do with Pakistani and Indian nuclear capabilities.[8] Another country in Asia that at times is suspected of harboring nuclear ambitions is Japan. However, in the highly unlikely event that Japan goes overtly nuclear, India's and Pakistan's test will prove to be the least of its motivations. Finally, it should be noted that India or Pakistan nuclear weapons are not regarded as a threat to any other Asian country except to each other, and in India's case to China. But again China is already recognized as a legitimate nuclear weapons state and has not objected to India's nuclear weapons programme per se.

The bottom line then is that India's and Pakistan's nuclear tests are not likely to contribute to a chain reaction of nuclear tests or nuclear weapons development in Asia.

The Subcontinent's Key Nexus Points with Asia

India's and Pakistan's nuclear tests are unlikely to have a major impact on the two countries' relations with Asia, profoundly affect Asia's politico-security environment in the near-term, or lead to a chain reaction of

nuclear tests and nuclear weapons development in the region. But, there are three bilateral relationships between the subcontinent and Asia that merit watching on the nuclear score. The first is between India and China. The second is the Pakistan-China relationship. And the most opaque relationship is between Pakistan and North Korea.

The India-China relationship is a major, if much neglected, relationship in Asia. It will be recalled that one of the key reasons given by Indian officials for the tests was concern about China, and in particular China's nuclear and missile assistance to Pakistan.[9] India's concerns about China stem from several additional factors. The first relates to a perception of China's growing economic, political and military strength. The high economic growth-rates that China has achieved in the last decade have raised alarms in India that it will be left behind. A second concern is that China is seeking to encircle India through its support for Myanmar, the smaller South Asian states, and of course Pakistan. Indians also worry that China receives preferential treatment from the United States. These combined concerns have led Indian strategists and policy-makers to the conclusion that India must have a way of countervailing Chinese advantages. One security analyst has described Indian thinking:

> "No reasonable Indian analyst believes that China has any serious interest in attacking India today. Nor do most reasonable Indian analysts expect the Chinese to resort to blatant nuclear coercion to resolve outstanding territorial disputes. Most Indians *do* [emphasis in original] believe, however, that in any jockeying for international position vis-a'-vis China, a non-nuclear India would come out second best."[10]

In essence, in much Indian thinking, nuclear weapons are useful for placing India on an even level with China, or at least not beneath it. Hence, as noted earlier, the concern about status is also closely linked with concern about security.

A second critical relationship is that between Pakistan and China. Over the past four decades Pakistan and China have developed close and constructive ties.[11] There is reportedly significant nuclear and missile cooperation between the two countries. To the Indians, this relationship confronts them with two nuclear powers on their borders, an unprecedented situation. As India's current foreign minister Jaswant Singh expressed India's security situation in *Foreign Affairs*: "India is the only country in the world sandwiched between two nuclear weapons powers...India still lives in a rough neighbourhood."[12] The future of Sino-Pakistani ties is less secure than it has been over the past four decades. There are indications that China is moving towards a more "South Asia-centric policy" rather than a "Pakistan-centric policy" in the region. The direction that Sino-Pakistan relations take will have important implications for

both India's and Pakistan's nuclear policies. For example, a Pakistan that is uncertain about Chinese future assistance and commitment may rely even more on nuclear weapons.

A final bilateral relationship between the subcontinent and Asia deserves brief mention: that between Pakistan and the Democratic People's Republic of Korea (DPRK or North Korea). The motives and means of this relationship are murky at best. However, press reports describe a relationship in which the DPRK is providing missile components to Pakistan.[13] Why the DPRK supplies this material to Pakistan is not fully known. One theory is that the DPRK gets hard currency from Pakistan. Another suggestion is that the DPRK is motivated by a desire to signal outside countries what kind of mischief it can make. What the DPRK gets in exchange for the alleged supply of missiles is unclear. Some have suggested that Pakistan provides hard cash for the imported items. Others discount this theory on the grounds that Pakistan itself has a very limited supply of hard currency. In any case, the Pakistan-DPRK relationship is a direct and concrete example of the links between the South Asian nuclear situation and the wider Asian region.

Arms Control in the Asia-Pacific

The implications of the Indian and Pakistani tests for nuclear arms control in the Asia-Pacific appear to be minimal. Most countries in the Asia-Pacific region are members of both the Nuclear Non-Proliferation Treaty (NPT) and have signed the Comprehensive Test Ban Treaty (CTBT). To the extent that there are outstanding issues related to nuclear arms control (e.g., China's attitudes on certain issues or the DPRK's suspected nuclear weapons programme), they are not directly related to the Indian and Pakistani nuclear weapons programmes.

A more indirect question of relevance to the Asia-Pacific arms control picture is whether the Indian and Pakistani actions constitute a threat to the international nuclear non-proliferation regime such that over time would also affect other Asian countries' commitment to the regime. Again, the answer would have to be no. Indeed, the argument could be made that the Indian and Pakistani tests have not only not undermined elements of the regime, but may in the end work to strengthen it through participation by the two countries.

As for the NPT, neither India nor Pakistan were (or are) signatories. For this reason, they did not violate any legal commitments in conducting their nuclear tests. It is interesting to note that most of the horizontal nuclear proliferation problems appear to derive from countries who are already signatories of the NPT (e.g., Iraq, North Korea, Libya and Iran) and not non-signatories. If India and Pakistan were to demand *de jure*

recognition of their nuclear weapons status, then this demand would constitute an attack on the indefinitely and unconditionally extended NPT because it would require renegotiating the treaty amongst all its signatories. This approach is not only unlikely, but certainly unwelcome. Given that a *de jure* recognition of India's and Pakistan's nuclear weapons status is not in the offing, the prospect of India and Pakistan signing and ratifying the NPT are next to nil. This leaves this element of the international nuclear nonproliferation regime in the ante-test status, neither better nor worse.

In some respects, however, the Indian and Pakistani nuclear tests have actually paved the way for possibly greater participation by the two countries in the international nuclear non-proliferation regime. For example, both India and Pakistan have formally declared voluntary moratoriums on nuclear testing. While these are not legally binding commitments, they do bring India and Pakistan closer to the prevailing international norm. Moreover, both India and Pakistan have indicated a willingness to sign the CTBT though under what conditions remains unclear and a matter of discussion. This willingness marks a fairly substantial departure from the pre-test era when both countries flatly rejected signing it. In India's case, the shifts in position are even more dramatic as it had initially sponsored the CTBT in international fora. Finally, on the Fissile Material Cut-Off Treaty (FMCT) both India and Pakistan have agreed to join the discussions at the Conference on Disarmament (CD) in Geneva. Though any agreement on an FMCT, with or without India and Pakistan, is a long-way off, India and Pakistan have over turned a previous reluctance to join in these negotiations. Furthermore, given the different amounts of fissionable material available, India is more receptive to the FMCT than Pakistan.

In essence, paradoxically, India's and Pakistan's nuclear tests may actually lead both countries closer to participation in elements of the international nuclear nonproliferation regime than prior to the tests.

IMPLICATIONS FOR UNITED STATES RELATIONS WITH INDIA AND PAKISTAN

Several considerations should be kept in mind as the United States deals with nuclear developments in South Asia. First, the United States, India and Pakistan, in their own ways, are democracies. Negotiations between and among them will have to bear in mind that national security decisions in a democratic structure cannot be taken or sustained without public support. Hence, quite apart from ideological and moral considerations, the democratic element will have a practical impact on the way accommodations are, or are not, reached. Second, India and Pakistan are not "rogue" states. Isolation and exclusively punitive approaches will not

work. Differentiated responses reflecting the two countries' respective characteristics will have to be designed. Third, Indian and Pakistani security concerns need to be taken seriously. The Cold War era skewed understanding on all sides about security. The new international environment requires a much more subtle approach to South Asia's security dilemmas. In this context, approaches to a region that emphasises nuclear non-proliferation above other priorities will make accommodation difficult. The United States has a number of interests and avenues of engagement with India and Pakistan, including maintaining and consolidating democracy, economic liberalization, and counter-terrorism and counter-narcotics trafficing among others. Finally, there will be "no quick fixes" to the South Asian nuclear dilemma.

CONCLUSION

India's and Pakistan's nuclear test of May 1998 sent rumbles far beyond the subcontinent. Among the most critical outstanding issues is the future direction of Indian and Pakistani nuclear weapons development, doctrines and strategies. Also important will be Indian and Pakistani willingness to adhere to certain elements of the nuclear non-proliferation regime such as the Comprehensive Test Ban Treaty (CTBT) and the Fissile Material Cutoff Treaty (FMCT). At least for the foreseeable future, however, the Indian and Pakistani tests do not profoundly affect their relations with Asia, or Asia's security environment. Depending on how Indian and Pakistani nuclear weapons programs evolve as well as the direction of major security developments in Asia itself, this relatively benign situation may change. The future merits close, patient and careful monitoring.

NOTES

[1] Paper presented at a conference on "Implications of Arms Control in the Asia-Pacific" March 1999, sponsored by the Pacific Air Force (PACAF).

[2] The views expressed in the paper are personal, and do not necessarily reflect the views of the Asia-Pacific Center for Security Studies, the United States Department of Defense or any other part of the United States government.

[3] Jaswant Singh, "Against Nuclear Apartheid," *Foreign Affairs*, September/October 1998, pp. 41-52.

[4] Ibid.

[5] Quoted in Manoj Joshi, "ASEAN Regional Forum: Manila Serenade," *India Today*, August 10, 1998, p. 55.

[6] See Sandy Gordon and Steve Henningham (eds.), *India Looks East*, Canberra: Australian National University Press, 1995. See also, Satu P. Limaye, "Message to India: Come Back to Asia," *Asian Wall Street Journal*, December 20, 1993 and Satu P. Limaye, "India and ASEAN Gravitate toward Common Ground," *ISEAS Trends*, November 27-28, 1993.

[7] Devin T. Hagerty (rapporteur), A Study Group sponsored by the Asia Society, *Preventing Nuclear Proliferation in South Asia*, New York: The Asia Society, 1995.

[8] The issue of possible DPRK-Pakistan missile cooperation is taken up below.

[9] For one assessment of Sino-Indian relations see Mohan Malik, "Nuclear Proliferation in Asia: The China Factor," *Australian Journal of International Affairs*, Vol. 53, No. 1, April 1999, pp. 31-41.

[10] Devin T. Hagerty, "South Asia's Big Bangs: Causes, Consequences, and Prospects," *Australian Journal of International Affairs*, Vol. 53, No. 1, 1999, p. 21.

[11] A very useful treatment of the development of the Pakistan-China relationship is Yaacov Vertzberger's, *The Enduring Entente: Sino-Pakistan Relations, 1960-1980*, New York: Praeger Publishers, 1983.

[12] Singh, op cit.

[13] See Bill Gertz, "Pakistan's Missile Program Aided by North Korea," *The Washington Times*, September 14, 1998, p. 1.

BOOKS IN
REVIEW

A PHILOSOPHICAL APPROACH TO THE IMPACT OF GLOBALISATION ON ASIAN SOCIETIES

Lee Hock Guan

Vervoorn, Aat. *Re Orient: Change in Asian Societies*. Melbourne: Oxford University Press, 1998, 328 pp., ISBN 0 19 554014 X.

Aat Vervoorn's book has two aims, one empirical and the other philosophical. The empirical aim strives to lay out the major issues facing Asian societies towards the end of the twentieth century. The philosophical aim endeavours to understand "how societies work" by using the contemporary Asian situation as an "exercise in thinking about societies in general." Facts in themselves, as the author rightly pointed out, tend to be sparse and uncommunicative. Thus, to make sense of how societies work, the facts about the societies must be located in an interpretive framework. But, the interpretive framework an individual uses more often than not 'becomes a way of camouflaging assumptions, of invoking sets of shared premises not seen as needing justification, of assuming solid foundations where none in fact exist." (p. vx)

Recognizing the above epistemological quandary related to the nature of knowledge and understanding, the author has, reasonably successfully, avoided the pitfalls of "grand generalizations" of Asian societies that had obstructed, or worse still, distorted, understanding between Asians and non-Asians. The result is an engaging book that not only introduces to readers the pressing issues facing Asian societies, but, also has lively debates over the issues between Asians and Westerners, and among Asians themselves.

Materials for the book are largely derived from the author's experience of teaching two courses on Asian studies at the Australian National University. In a way, the author's interdisciplinary approach is an outcome of his own eclectic intellectual background: though a philosopher by training, his interests, and also his "haphazard" career, has motivated him to conduct research into a number of other disciplines. His training in philosophy has probably helped him to avoid the pitfalls of "grand generalizations" for it has clearly enabled him to go straight to the core arguments of the issues and debates.

The book comprises 11 chapters, together with an introduction and conclusion. The introduction briefly states the author's aims and what he hopes to achieve, clarifies his interdisciplinary approach, and the philosophical problems associated with knowledge and understanding. The first chapter discusses the historical and social context of the study interpreted in terms of the dynamic interaction between the opposing trends of "globalisation" and "insulation." Chapter 2 considers the key concepts of how societies work and the way they apply to contemporary Asian societies, culture, religion, ethnicity, social organization, authority, morality and the state.

Chapter 3 provides a detailed treatment of the controversial subject of human rights in terms of the evolving idea of human rights, its relation to Asian societies and the East-West debates. The problems of ethnic minorities, particularly of indigenous minorities, are discussed in Chapter 4. Chapter 5, 6 and 7 deal with the topics of social and economic development, population growth and the environmental impact respectively. Changes in family structures and functions received an extensive treatment in Chapter 8. Chapter 9 examines the world of work and its changing patterns. The last two chapters focus on the role of mass media and how new technology changes access to information, It also focuses on government attempts to control it, the generation of scientific knowledge and technology, and the implications of the world dominance of the Western mode of scientific knowledge.

Given the range of issues covered in the book, one would imagine a big book. Instead, the book is only 328 pages long and not lacking in substance. For an introductory level book, the author has done a credible job in both illustrating the issues facing Asian societies and discussing the debates over the issues without being overly simplistic. In part, this is because the author has pragmatically restricted his study to monsoon Asia, from Pakistan to Japan (with occasional references to Iran and West Asia). Moreover, rather than giving equal treatment and paying equal attention to each and every country, for each issue the author has resorted to using a limited number of countries as examples. Unsurprisingly, India and China, being the two biggest Asian countries, have a disproportionate share of the coverage.

In the second half the twentieth century, the dominant trends shaping contemporary Asian societies can be conveniently named under the rubric "globalisation." By globalisation he meant the "way in which individual and community affairs are being caught up in those of larger and larger entities, so that ultimately, interaction occurs on an international or global scale." (p. 1) However, if one takes Asians to be active subjects, then globalisation can but only be half of the narrative. One must also consider the way in which Asian individuals and governments react against the impact of globalisation. This reaction the author called "insulation." Insulation here simply meant a "strategy for regaining control over personal or local affairs lost through globalisation." (p. 1) A number of possible outcomes have resulted from the interaction between globalisation and insulation in Asia: from the Iranian radical Islamic rejection to the Singaporean relatively wholehearted embracement of globalisation.

How do societies work? Taking his cue from Nietzsche, the author asserts that societies "can only function only in so far as there are rules or guidelines to channel behavior." (p. 25) For societies to work, the members must have a shared understanding "of what sort of response or reaction will be appropriate in given situations." (p. 25) It is the society's culture that embodies or expresses the shared rules and understandings. The author then proceeded to trace where the rules come from (religion is a major source), and how the rules edified existing social differences and inequalities. The fact that society operates in terms of rules inevitably leads to the question of the enforcer. In modern times, the formalisation of rules in the legal system has evolved almost simultaneously with the state as both the enforcer and a source.

Asia represents an excellent geographical space to examine how non-Western societies have responded to globalisation. Asian societies have cultural, political, social and intellectual achievements which are no less sophisticated than those of Europe, but yet, have "strikingly different values and suppositions." In the second half of the twentieth century, Asian values and suppositions have increasingly challenged the domination of Western cultural traditions and assumptions.

In each chapter, the issue is dealt with by the author with credible detail and depth. For example, consider the chapter on human rights (Chapter 3). The author went into a discussion of the "complexity of human rights", the problematic of a universal definition, the cultural assumptions of human rights, the concepts and debates around Asian and Western values, and the relation between human rights and religious and moral traditions. Contextually, these various aspects of human rights were discussed in context of the Asian experience.

On the whole, the author has come out with a theoretically informed method of introducing Asia to the general reader. It makes the subject lively and engaging. Best of all, it challenges the reader's own assumptions about Asian societies and about the issues covered. Of course, there also lurks the question whether the author himself has not in any way unconsciously projected his assumptions into this study. Granted that may be the case, the author has done an admirable job in this study.

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WRONG TIME, WRONG PLACE?

Bunn Nagara

Bora, Bijit and Christopher Findlay (Editors). *Regional Integration and the Asia-Pacific.* Oxford University Press, 1998, (paperback) 260 pp., ISBN 0 1955077533.

Once, when the booming economies of the Asia-Pacific mega-region could do no wrong, everybody wanted to be a part of the collective good fortune. As vast personal and corporate fortunes were being made, sometimes overnight, this regional plaza was a veritable bazaar for anyone who could claim a toe-hold in the region.

The French tried to re-assert their presence in Indochina only a few years ago, and even wanted to join APEC (Asia-Pacific Economic Cooperation forum) which geographically excludes Europeans. The Australia of Paul Keating even imagined itself as part of Asia. The United States steadfastly remained in the region, represented strategically by US troops in Japan and South Korea, and by the Pacific Fleet. Meanwhile, government officials from the world's developing regions lined up to learn something about the "economic miracle" said to be performed as regular fare in East Asia.

From the late 1980s to mid-1997, growth in the Asia-Pacific economies was a given. Nobody thought of questioning it. The focus of study by academics and other specialists was therefore left to seeing how that growth in individual economies could, or should, be integrated across the region. This book is a by-product of one of these study sessions. First

published in 1996, it was a book of its time, but it is also a more substantial work than some populist writings then (Thurow, Naisbit, etc.) How does a book of various papers tackle a major subject in its prime? To site it in today's context, this volume has obviously lost considerable sizzle. Had the authors waited just one more year, 1997 would have proved a considerable learning experience. The Thai baht, and everything else in train, would have seen to that. The entire thrust and direction of the book might then have been completely different.

Since this is a compilation of commissioned papers rather than a more random hodge-podge of writings, more flexibility and focus could perhaps be expected. There is much that can be said under such a broad and ambitious title. But the real purpose of this book—a comparative study of RTAs (Regional Trading Agreements)—is not captured at all on the cover. A suitable sub-title could have seen to that.

The subject of regional integration in the Asia-Pacific is of no small importance, crisis or no crisis. There are, to be sure, still things to be learned in the book, and not just from some of the charts and tables. But perhaps unwittingly, the authors and editors reveal much more of their weaknesses and flaws than could have been intended. In a book of 15 chapters and as many authors (including the two editors) on the Asia-Pacific, a region comprising some two dozen countries with most of them in Asia, only one author writing in one chapter is an Asian. Ten are from Australia or New Zealand, and the rest from the United States and Britain. The limited practical experience could also be of concern: only four of the authors seem to have any experience in work outside academia, in what is a very fast-changing, market-oriented, business-first subject.

Nonetheless, leaving aside the unequal make-up of the authors, consider the subject matter itself. Giving the authors and editors the benefit of the doubt, what might they deliver? The book consists of three parts: Regional Agreements, Sectoral Issues and the Asia-Pacific Region. It assumes that free trade and regional economic integration are good and desirable, and it positions the contents to fit. While some others might seriously want to question or qualify such assumptions, this book uses them as starting points. This volume attempts to assess the value of economic regionalism, and to argue that regional agreements for liberalisation are good because they facilitate the free movement of capital. The authors go on to observe how the Asia-Pacific, in particular, sees easier capital movements than the global environment as a whole. It is a tragic irony that they were too right—it was the excessively free flow of capital that devastated the economies of this very same region. Again, if the authors had waited just one more year, this might have been a very different book.

The present volume further analyses how governments in the region coordinate integration among their economies. The impact of RTAs on multilateral trade is also considered. Uncommonly, this book also examines the environment and international air transport, two areas previously outside the conventional rules of the trading system. There is a commendable variety of areas covered, from the big picture views of policy origins and regional trends to specific topics like foreign direct investment and financial services. However, the downside includes writing of varying quality. The proofreading could also be better. A book with this type of subject also tends to get dated quickly, an abiding reality even if the regional crisis had not happened.

Among the chapters, Richard Pomfret's "The Threat to the System, and Asian Reactions" seeks to trace some history by way of an introduction. Important issues are dealt with here, even if some banal observations are included. Peter Lloyd then looks at shifting circumstances in "The Changing Nature of Regional Trading Arrangements," weighing the pros and cons of building regional trading blocs. In the real world of trade policy making, this is a life's work.

Under Sectoral Issues, co-editor Bora in "Foreign Direct Investment" uses incoming levels of foreign direct investment as a measure of economic integration. Unfortunately, the most recent of his UNCTAD and Industry Canada data is now seven years old, for a subject that is particularly fast-changing in this region. (The changing pattern of intra-ASEAN trade is a case in point.)

In the third part The Asia-Pacific Region, five major arrangements are considered: the Uruguay Round of GATT, APEC, the North American Free Trade Agreement (NAFTA), the Australia-New Zealand Closer Economic Relations Trade Agreement (ANZCERTA) and the ASEAN Free Trade Area, the latter by sole Asian specialist Linda Low. The "growth triangle" concept of SIJORI (Singapore-Johore-Riau, or Southern Triangle) is also examined as an innovative variant of RTAs at sub-regional level.

As with so many works of strategic import these days, this one needs to be read with some care. An element of advocacy is detected in its pages, based on its Australian (Oceanea) bias. Surely not all its readers are expected to be from Australia or New Zealand? There are the pronounced and justifiable anxieties about NAFTA, owing to its tentacle-like grip on smaller economies while exercising a dominant hub-and-spokes relationship to marginalised non-members. However, in case the Third Worlder in ASEAN should want to cheer this approach, AFTA is regarded similarly as a discriminatory device. NAFTA is feared more because it is larger and more sophisticated, but AFTA is also a challenge. For these exercises in evaluating discriminatory style, GATT's standard Article XXIV is cited.

In her chapter, Linda Low argues that AFTA is not discriminatory, quite harmless, commonsensical, limited in scope and unlike NAFTA, is GATT-consistent. The editors leave it to the readers to make up their mind. What is of particular interest here is that Low cites CGE (computable general equilibrium) studies to say that, despite Singapore being the greatest beneficiary of AFTA so far, further trade liberalisation within ASEAN would benefit Malaysia most of all among all the ten member countries.

At this point, Robert Scollay in "Australia-New Zealand Closer Economic Relations Agreement" (sic) ventures to advise ASEAN that ANZCERTA is a better model for AFTA than NAFTA. To observers this seems surreal, since AFTA is already more developed and sophisticated than ANZCERTA! The editors themselves concede elsewhere that "AFTA is developing rapidly." Perhaps it is precisely because of AFTA's advance that antipodean anxieties have grown. Thus, the attempt to recast it as a "harmless" ANZCERTA.

Among the problems with this book is that, despite the preponderance of academics and the presence of practitioners, none of these specialists could foresee an oncoming crisis—or that if a crisis struck, it would become so serious so quickly. It was precisely because the economies of Southeast Asia were (and still are) so well integrated that, what began as a national crisis centred on the baht rapidly became a regional meltdown. Even if the authors did not enjoy the benefit of hindsight, they could at least have considered, from a theoretical perspective, the other, less desirable side of economic integration. They should have been more critical of their simplistic assumptions. Might readers expect a later edition or volume to analyse the value and purpose of "free trade"? On present evidence, that is highly unlikely. Nobody here seems prepared to be so much of an iconoclast. Even an examination of the definitions, presumptions and realities of free trade would have made this book more interesting and true-to-life.

If the structural problems with many of the region's economies have long been there, as critics these days tend to argue, could none of these authors have detected them? These problems, assuming they exist and had existed, would be important enough to be discussed and obvious enough to these specialists, especially given their significant impact on economic integration. Could these problems not have been there at all, or could the authors generally have been too busy advocating their particular causes to notice?

There are also niggling problems with the writing. APEC's Bogor Declaration, for example, is cited with uncritical admiration as a historic charter for Asia-Pacific free trade. What actually happened in Bogor

between mixed photo opportunities was an amalgam of diplomacy, public relations, media hype and official decorum, such that a concluding document like the declaration had to be produced, whatever its worth. Just days after, the precise content and binding value of the declaration came into question.

Then there is the book's troubling advocacy of the "transparency, non-discrimination, national treatment" mantra that makes for what polite circles call "GATT consistency." Not only do the assembled academics here fail to question these principles thoroughly in the interests of developing economies (e.g. of the Asia-Pacific region), they champion them as hallowed goals. Even in APEC today, the majority of member states are still striving for economic development. How would the vulnerability of sudden openness prescribed by strong developed economies affect them?

Another point which the authors and editors note in passing but do not pursue, is how the Asia-Pacific has managed to develop rapidly without much official effort or even a supranational organisation to help things along. Compare this with Europe, where official institutions for integration have existed for decades and where member states are already economically ascendant, integration is proceeding in a slower lane. Perhaps one answer is that the Asia-Pacific is more of a "natural economic territory" than a still largely artificial European Union, itself based on a politically informed European Economic Community. And perhaps it is the East Asian economies, as a sector within the Asia-Pacific, that are the real engines of growth in the mega-region.

Again, if this book had been written a little later, more answers to these important questions may be available. For now, however, it would have been sufficiently acceptable if, in dealing with the "Asia-Pacific", the authors and editors had paid more attention to the interests of the majority of peoples in the region. In present form, this book is an oddity. It covers a major and important subject from a narrow perspective, both historically and continentally. The Asia-Pacific is more than can be gleaned from the window of an Australian university. The regional meltdown, which had even spread to Russia, makes that crucial point along with the problems of integration quite clear.

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PARADISE LOST: INDIA'S WANING INTEREST IN SOUTHEAST ASIA

Dagmar Hellmann-Rajanayagam

Kripa Sridharan. ***The ASEAN Region in India's Foreign Policy. Dartmouth Publishing Company, Aldershot et al. 1996, 277 pp., ISBN 1 85521 608 6***

The nuclear test in India and Pakistan once again changed the political scenario in South Asia and the region. From being considered a comparatively negligible actor, India has catapulted itself into the foreground of attention whether to any profit or benefit remains to be seen. In this context, Kripa Shridaran's study from 1996 furnishes a useful background and documentation of the fluctuating fate of relations between India and Southeast Asia and particularly with ASEAN. Apart from the fact - to which she draws attention - that very little has been written about this topic in the last 20 years, the little that has appeared does not always address the core questions of this relationship. What becomes clear from her analysis is that the topics and concerns are not at all new, and have dominated the agenda practically from 1947 onwards. The emphasis, however, has changed 180°

After a chapter on India's foreign policy and relations in general, which sets the study in context, the author chronologically discusses the development of the India-ASEAN relationship from 1967 onwards. She starts with India's cautious reaction to the establishment of the organisation and gives particular attention to the flash points in the area, mainly Vietnam and Cambodia. She also discusses the impact of Indo-Pakistan relations on ASEAN-India attitudes. While the years until 1984 are dealt with in great detail, the crucial decade, 1985-1995, is treated only in one chapter; the economic dimension is discussed in a separate chapter at the end of the book. A short conclusion winds up the discussion.

What strikes even a casual observer of the scene in South and Southeast Asia as remarkable are the repeated and total turnarounds executed by the ASEAN states in the course of this time not only with regard to India, but also to other countries. On the contrary, India's attitude, though shifting (not least because of internal controversies over foreign policy) remained more or less consistent until the end of the Cold War even under changing and often very different governments.

This does not mean that the interests of the actors changed that much. The author demonstrates that shifts in policy are nearly always due to interests staying remarkably stable: for ASEAN, the question how to deal with China and for India, how to safeguard the legacy of the Raj. Though she seems reluctant to spell it out clearly, the author's discussion indicates that interests in the two

regions do not so much diverge as run on completely different orbits, which leads to Southeast Asia and especially ASEAN being of only secondary political significance for India. For ASEAN, the same applies conversely though not quite with equal strength because of India's sheer size. Clashes of interest occur not so much because of direct confrontations, but because of the intrusion of other vital issues, *viz.* super power rivalry in either region, into the equation. This was most obvious during the time of the Vietnam War and the Cambodia imbroglio. The differences of opinion between India and ASEAN in these cases stemmed from different ideas over how to contain China in the first place and the superpowers in the second. Ironically, interests converged here, but the ideas for solutions were looked for on opposite sides: for India, in an alliance with the USSR and for ASEAN, in an alliance with the United States (and Japan) and conciliating China. This sometimes led India to a foreign policy high wire act between the Non-Aligned Movement (NAM), ASEAN, the US and the USSR, which was, needless to say, mostly unsuccessful.

So has history now proven ASEAN right and made India into a political backwater as punishment for foreign policy blindness? The author appears to subscribe to this view in some instances, but at the same time draws repeated attention to various Indian foreign policy initiatives from the '60s to the '80s. This seems strikingly to preempt initiatives proposed later by both ASEAN and the US (bodies for regional cooperation, efforts to keep Southeast Asia nuclear-free, the role of the Indian Ocean and 'constructive engagement' with China), but which were unanimously rejected by them the first time around. Nowadays, it is of course not acknowledged where these ideas came from originally. The fault was not so much that India was ahead of the times, but that it rarely followed up ideas with actions, at least *vis-a-vis* Southeast Asia.

While India tried to divorce economic relations from political ones throughout the '70s and '80s, ASEAN was firmly opposed to this and demanded political concessions for economic considerations, a policy nowadays loudly denounced when it is on the receiving end. In the wake of economic problems throughout the '80s and with the end of the Cold War, economic concerns loom as large for India as for ASEAN; now, however, India appears far less attractive for ASEAN than before, when India seemed desirable to the latter but played hard to get.

On the whole, Sridharan paints a rather dismal picture of miscommunication and missed opportunities between the two regions. One example is the divergence between the ethical-moral attitude India applies to International Relations and International Law and the rather legalistic one of all ASEAN states. Examples for this are given: e.g. the establishment of Bangladesh, the question of Vietnam's intervention in Cambodia *(pp. 83-84, 124ff)*. This does not prevent ASEAN from hijacking Indian foreign policy arguments when it suits them. Malaysia rejected India's argument of Heng Samrin being 'in control' in Cambodia as sufficient justification for diplomatic recognition, but used the same argument, *viz.* SLORC being 'in control of the country' to justify Burma's accession to ASEAN. It is easy to see that for small countries a legalistic attitude might be

safer. However, the suspicion remains that this is based more on the lack of legitimacy of the ruling regimes internally than on anything else. One hastens to add that, even in India, the tussle between ethical foreign policy and *realpolitik* is by no means undecided, as vide the attitude towards SLORC-ruled Burma. The author seems to argue for a more conciliatory attitude towards ASEAN as exemplified in A.K. Gujral's 'asymmetric relations', ignoring the fact that this attitude has never benefited India very much in the past, contrasted with China's unapologetic display of power.

While the author calls for greater attention to Southeast Asian sensibilities in India and stresses the more or less excellent bilateral relations to individual ASEAN countries, she does not make explicit what should have been the conclusion. For India, even in the era of globalisation, the ASEAN region remains of, at best, marginal interest. One is tempted to agree with Nirad Chaudhuri that India is a failed Europe with its view firmly fixed on the West, and to conclude that ASEAN is only meant as a jumping board for improved economic relations with the West. In spite of Nehru's pan-Asianism, his and India's orientation to the West is of long, pre-colonial standing and unlikely to change soon. Only if the peninsula, in contrast to the Ganges plains, is accorded more political weight, ancient cultural and economic relations between these two regions may be reactivated. However, in the wake of the economic downturn in Southeast Asia, there might be generally less interest in India to look towards the East, and we could perhaps modify Hegel: *Indien ist an und fir sich* (India is unto herself). Sridharan's study can help us understand why that may be so.

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CULTURAL RELEVANCE AND DEMOCRACY IN 'SOUTHEAST ASIAN' ELECTORAL BEHAVIOUR

Karminder Singh Dhillon

Taylor, R.H. (Editor). *The Politics of Elections in South East Asia.* Woodrow Wilson Center Series and Cambridge University Press, 1996, 256 pp., ISBN 0 521 56443 3.

Political, social and economic trends in South East Asian states have raised fascinating questions. These questions have attempted to provide a precise understanding of the culture of the region. Culture influences

political behaviour, and the politics of elections is no exception. The politics of elections forms the subject of the ten separate case studies presented in this book.

However, the notion of culture seems to be glaringly omitted throughout the book (except in passing), both by the editor, Taylor, and one of the article contributors, Daniel S. Lev. They draw the attention of the reader to such "a-cultural" analyses, attributing it as a major strength of the views presented in the book. Lev even goes so far as to point out the prevalent irrelevance of the cultural connection by noting that in the conference where these papers were first presented, the subject of culture was brought up just once, but not followed up. In his view, such a shift towards ignoring or challenging cultural approaches to Southeast Asian politics is a revolution of sorts in intellectual history that began about a decade or so ago, and that it is here to stay.

The major hypothesis of the book, therefore, is simply this: that as far as electoral politics of Southeast Asia is concerned, it is shaped by the same forces and structures that shape politics in North America and Europe. The uninitiated reader (to Southeast Asian electoral politics) may be excused if he or she wonders whether such a conclusion is based on common sense. If the institution of political elections has its origins outside of Southeast Asia, should it not logically follow that the major forces which shape it not be part of the region's cultural matrix? Do elections not count amongst the politically-conscious who inherited their political institutions from the colonialists?

Some of the pertinent questions that have been raised by analysts investigating the process of elections in Southeast Asia are indeed unique to the region. The authors ask, for example, why elections are a feature of politics in the region for so many decades despite a few governments being widely described as authoritarian? With a few exceptions, why have elections in Southeast Asia never directly replaced a government? Despite the lack of democratic processes that elections in Southeast Asia are supposed to promote, why do electorates turn out in large numbers on polling days to cast their ballots? In short, the authors wonder why Southeast Asia's governments (some authoritarian) bother to hold elections, and regularly for that? The core argument of the book is that there are no conventional explanations.

A few of the essays suggest that elections in Southeast Asia are related to the culture of the region. William Riddle, for instance, titled his essay "A Useful Fiction: Democratic Legitimation in New Order Indonesia." Garry Rodan's work is entitled "Elections Without Representation: The Singapore Experience Under the PAP." Benedict Kerkvliet's essay is entitled

"Contested Meanings of Election in the Philippines." Anek Laothamatas' piece is titled "A Tale of Two Democracies: Conflicting Perceptions of Elections and Democracy in Thailand." Only Southeast Asia is capable of creating the sort of election-related paradoxes that are implied in the language of such titles. The paradoxes go beyond the titles though, as considerable space is devoted to analysing some of their root causes.

However, no culture, including those of Southeast Asia, has any exclusive right to electoral manipulation and misuse. Gerrymandering, voter intimidation, money politics, harassment of opposition parties and their supporters, use of government machinery in election campaigns, unfair legislation, outright fraud, governmental control of the media and the intentional creation of climate in which elections fail to perform genuine democratic functions (and instead serve the interests of the ruling elite) could exist just about anywhere in the world where elections are held. No special understanding of any particular Southeast Asian culture, or any other for that matter, is required to explain such paradoxes of elections.

Notwithstanding the merits or demerits of applying cultural analyses, the strength of the material presented in this book lies in three main areas. First, there is the examination of previously unexplored and neglected electoral behaviour, in particular, and election related democratic phenomena, in general. Second, there is the examination of issues concerning elections that are universal and not specific to SEA. Third, the conclusions are derived through the application of a comparative approach.

There is a scarcity of good literature on the role of elections in modern politics in the region, despite the fact that, as Lev points out, elections are becoming increasingly significant. They are significant because of the threat they pose to existing distributions of power and systems of authority, and the promise they imply of wholly new political structures. Both the challenge and promise have never seemed quite so serious as they seem now. This is due to expanding commercial, professional and intellectual middle-class groups, whose independence, economic power, intellectual influence and disaffection in themselves erode the confidence of existing regimes of their own authority. Other factors that add to this are the mounting political complaints, demands and visions amongst these social strata. The last two decades have witnessed monumental tensions, conflicts, debates and violence over the issue of relations between state and society, or between ruling elite and new groups no longer impressed by them. The NGO movement, now solidly imbedded in Southeast Asia, embodies the conception of a self-motivated society distinct from the state and with rights against its power. There has also been a constant tussle between parliamentary and bureaucratic political modes amongst states in the region. In the case of Thailand, Indonesia and Myanmar,

where politically dominant military establishments have major stakes on the bureaucratic side, the level of volatility has been higher. All of these developments, amongst others, have made elections and the study of elections in Southeast Asia more relevant than ever.

The conclusions drawn by the various authors, individually, and by the editor, collectively, are both refreshing and thought provoking. Gary Rodan, in his case study on Singapore, holds that the political effect of elections beyond a predictable outcome of winners and losers has to be recognized, compelling an examination of the problems that arise from the electoral process. Suchit Bunbongkarn and Anek Laothomatas, in their essays on Thailand, point out that elections there have posed a challenge to democratic thought by highlighting existing social and economic cleavage. Benedict Anderson, in studying three Southeast Asian nations, states that if the political system is incapable of accommodating the process of change, elections were more likely to create more problems than they solve. The two studies on Malaysia by Jomo K.S. and Harold Crouch point out that, although secure elites may not worry about elections, the process does have an effect on their political conduct and behaviour. Kate Frieson, in her essay on Cambodia makes an interesting observation. Elections do carry different (and sometimes opposing) meanings to different groups of people with interesting consequences.

The collective conclusions drawn by Taylor merit mention. First, the nature of the first election of a prolonged series establishes the ground rules of the conduct of subsequent "national level" politics. It is necessary to have access to government in order to have an opportunity to gain power through elections. Second, elections are double-edged weapons in the democratization process—they can be a means of depoliticizing populations or they can act as a lever for widening the sphere of political activity by demonstrating the illegitimacy of an alienated and ineffective regime. Third, as political tools, elections can look different depending on the perspective, either of those in power at the top or those with little or no power at the bottom of a polity. Usually, these perspectives indicate the perceived degree of fairness and honesty in any given election. And finally, elections can best be understood if the process is contextualized. Elections have meaning only within a particular historical space and time, and to see them outside their context is to deny them any significant meaning.

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A FUSION OF HUMAN THOUGHT: NEITHER WESTERN NOR EASTERN

Sharifah Munirah Alatas

Mahbubani, Kishore. *Can Asians Think?* Times Books International, Singapore, 1998. 192 pp., ISBN 981 204 968 1.

This volume, with a provocative, almost condescending title, is a collection of essays and lectures. Ironically, despite its title, it is a very thought-provoking and mentally stimulating collection. The author, Kishore Mahbubani, is a student of philosophy and history. A civil servant and career diplomat by profession, he has been in the Singapore Foreign Service since 1971. Mahbubani declares that one of the key messages in this volume is to 'stimulate Asian minds to address questions about their future' (p. 8). This he has done, but more than address questions about the future, he has, intentionally or unintentionally, stimulated another dimension of thought. To my mind, these essays have generated a deeper philosophical discussion of ethics, morality, perseverance and the human condition amidst evolving civilizations. It is an exercise in historical hindsight and futuristic planning; one without the other is impossible for further development of the human race. Throughout the book, there is a recurring theme to be found if one reads between the lines: economic development without the philosophical dimension will doom Asians to the backwaters once again.

On the surface, Kishore Mahbubani's book directly addresses the theme of the 'Asian Renaissance', the re-birth of an Asia that is confident and self-assured. The web of discussion that these essays weave revolves around his observations of Western political culture and society, and their effects on Asians. In the essay 'The Dangers of Decadence: What the Rest Can Teach the West', Mahbubani suggests that the time has come now for the West to learn something from Asia. He posits an intelligent question in rebuttal to the Huntingtonian thesis which attributes a terrifying Islamic and Confucian threat to the West. Mahbubani asks, if Asian civilizations have been around for centuries, why are they posing a threat to the West only now? Rather than forecast a future of conflicts and needling antagonisms, the author reasons that the world is heading towards the interconnectedness of regions and shared experiences. It is becoming impossible to be isolated; rather than feel threatened by different civilizations, there should be a sense of mutual learning and exchange, for mutual gain. A crucial point that Mahbubani raises in the early part of the book

(and one that resonates throughout) is that Asians are questioning their emulation of the West due to renewed 'cultural confidence' (p. 23).

The book is divided into four main sections: Asian Values, The Asia-Pacific, Southeast Asia and a Miscellaneous section. All the essays and lectures were written between September 1990 and 1998. Despite the span of eight years, all of the issues and concepts that the author raises are still valid, some ideas even more applicable now than almost a decade ago. A minor oversight in the section entitled 'Asian Values' is Mahbubani's failure to define the term 'Asian'. In order to have an entire section titled 'Asian Values', it would be fitting to define the very term itself, precisely because such a term is philosophically debatable. Firstly, what does he mean by 'Asian'? Asia is made up of different cultures, languages, religions, historical experiences, political entities and geographic locations. Secondly, is there a homogenous 'Asian value'? The religions that are present in Asia are Islamic, Confucian, Hindu, Catholic, Protestant and a diversity of traditional indigenous belief systems. This religious diversity, in turn, allows for a range of different cultures to co-exist, with diverse values. Thirdly, since all religions originated in the Asian continent, and if we assume that a significant foundation of most value systems is religion, how would we define 'Western' values? Notwithstanding these explicit omissions, the reader can make some assumptions and read on without encountering much confusion. This is due, in part, to the richness of the subject-matter presented and the intelligent manner in which the author analyses events in the global geo-political arena.

Scattered throughout these essays, the author asks specifically pertinent questions, such as, 'Are we at the end of the Western epoch?', 'Is Western civilization universal?', 'What are the objective standards of morality in the West?', 'Is the human rights rhetoric perpetuated for altruistic ends?' and 'Why has Southeast Asia not become the Balkans of Asia?'. The reader is thus forced to ponder over a wide range of contemporary and historical events where Western and Asian civilisations have encountered each other, and where they must continue to do so in order to progress.

The essay, 'The West and the Rest', challenges the prevailing view that the rest of the world will have to emulate Western values in order to get ahead. The key Western 'values' that Mahbubani is referring to are products of the Western liberal democratic and the free market systems. This piece is particularly interesting because the author pays attention to the psychological role in the modernization and development of a society. Giving the Russo-Japanese War of 1904-1905 as a poignant example, Mahbubani concludes that Japan's victory had given the rest of Asia the psychological boost that was needed to critically think about their future under the colonial yoke. Although Japan's victory could not have been the only causative element in the subsequent anti-colonial revolutions that swept through the Middle East, South Asia and Southeast Asia, it

served as a watershed in 20th century Asian self-esteem. Mahbubani also suggests that Japan's economic success had propelled other Asian countries to follow suit. Throughout the 1990s, growth in Asia had outpaced that in the rest of the world.

What about the events of 1997? Another striking omission from this volume (published in the last quarter of 1998) is that not one introductory paragraph or essay in it made reference to the devastating economic downturn that hit the region in mid-1997. One wonders, then, if the book was 'put together' as a 'confidence-booster' amidst the negative, and often, exaggerated foreign reports on the causes of the turmoil. All the same, the issues raised are intellectually stimulating, relevant and valid. The book would be more complete, though, with an update on the latest events.

The ever-sensitive issue of transplanting democracy onto East Asian soil is another challenging subject that catches the reader's attention. Mahbubani tackles the popular debate of which should come first: the economic development horse or the democratic cart? In the Western bid to democratise the whole world, the author says that 'it [the West] is promoting democracy *before* economic development. It assumes that democracy can be successfully transplanted into societies that are at low levels of economic development, and that are deeply divided socially across many lines—tribal, ethnic and religious' (p. 47). He refutes some American political and intellectual gurus who say that many East Asian countries (such as China) should be able to make that 'democratic leap' overnight. Mahbubani says that, in reality, most of these countries have had to undergo economic development first before any signs of democratic transition could emerge. This is particularly relevant in heterogeneous societies, such as those present in Southeast Asia. A significant middle class stratum in society would act as the catalyst for social and political change. Naturally, this group, now with the economic means and growing material desires, would spark a social transformation calling for more popular participation in most aspects of governance and decision-making. However, due to the heterogeneity of their society, the potential for political instability would be high, and if this situation emerges in an economically underdeveloped society, the result would be disastrous. Hence, in Southeast Asia, Mahbubani says that democracy is not rejected, but it plays second fiddle to economic development.

The clincher to this entire debate is the author's cynical assessment of Western motives for transplanting democracy: if it suits their national interest, the West will not operate with an objective value system of human rights and morality. Hence, their attempt to export democracy as a 'universal human right' to East Asia and Southeast Asia should be studied critically and cautiously. There are many countries in the developing world that have emerged from restrictive colonial, socialist and religious

regimes that have dominated their political systems for decades. The period of adjustment in these countries necessitates 'strong and firm government' (p. 48). Using Japan as an apt example, Mahbubani believes that no democratically elected Japanese government could have implemented wide ranging socio-economic reforms leading to high growth after World War II, the way General MacArthur imposed. In contrast, high growth did not take place in the Philippines as the United States had failed to carry out similar socio-economic reforms. In the postwar years, the Philippines has not developed well despite the presence of a democratic system of government. Mahbubani stresses that he is not against the democratic system, but that conditions in the developing world do not allow for an immediate adaptation to the liberal system. The process will take longer, and various governments in the region are working towards this goal.

In his essay, 'An Asian Perspective on Human Rights and Freedom of the Press', Mahbubani challenges the universal applicability of values such as democracy, human rights and freedom of the press. His words are caustic and critical. After quoting a passage from the Dictionary of the History of Ideas on the concept of despotism, and how Europeans perceive Asian governments and practices as despotic, Mahbubani does not mince his words. He says, 'on the eve of the 21st century this European attitude to Asians has to come to an end. The assumption of moral supriority to Asians must be abandoned' (p. 59). He lists ten critical remarks about the Western journalists, exposing the 'realpolitik' of their profession. They are dishonest, subjective and abusive, their viewpoints being coloured by their political and ideological backgrounds. And of course they are 'free'; free to be irresponsible. Mahbubani's opinion of the Western press is sound, but there are gaps in his reasoning about the relationship between a free press and bad government. The author states that a free press has not helped curb bad government, and gives India as an example (p. 64). Firstly, he does not define 'good' and 'bad' government. Secondly, he does not touch upon the question of leadership. Bad government and leadership have more of a causal relationship than bad government and a free press. If a government is corrupt and has the ability to manipulate its population, no number of free presses is going to cure the ills of that society. Development will be stifled. Perhaps the author could have discussed this, even in passing.

Under the section of 'The Asia-Pacific', Mahbubani analyses the volatile geopolitical situation in Northeast Asia, specifically the China-Korea-Russia-Japan-US nexus. His analysis of the various strategic and political alliances in this region is very intelligent and realistically praises Japan as an economic giant in Asia, albeit with very minimal political clout in the region. But economics is a powerful tool and the author feels that Europeans should no longer feel that East Asia poses no threat or challenge to them. Europeans should now start learning from Asians, that there

should be a 'fusion' not a 'clash' of civilisations. Essentially, the essays in this section are dedicated to how Europe views the world, and her role in it. It is juxtaposed to the Asian way of viewing the world and how Asia sees Europe in it.

From here on, the book addresses the larger, philosophical questions of identity, community and culture. The main message that Mahbubani tries to put forward is that a community that fuses elements of the West and East should be nurtured. In order for this to happen, the learning process must take place in two directions-West to East, and East to West. Mahbubani says that the time is now ripe in East Asia for this community to develop as there is a renewed sense of confidence and common sense in East Asia. Likewise, Western societies should see that they are no longer dealing with a 'servile, helpless and underdeveloped colonial backwater'. To my mind, the issues raised in the essays of the second half of the book are very serious and renders this volume worthy of publication. Essays such as 'Japan Adrift', 'The Pacific Impulse' and 'An Asia-Pacific Consensus' discuss the geopolitical and security relationships in East and Southeast Asia, and focuses on the psychological aspects of Japan's emergence as a formidable economic force to contend with. Although Mahbubani does not go into detailed philosophical gymnastics about culture, morality and community, he has made us all think about them. In 'The Pacific Impulse', the author says the Europeans (he seems to use Westerners, the US and Europeans interchangeably) are wary of East Asia's success, economically and geopolitically. He says that those who predict East Asia's decline do not see the region's success as part of a renewed sense of confidence and common sense. He writes, 'what is striking.....is a blindness to the biggest tidal wave to hit East Asia, which is the fundamental reason for the region's economic dynamism: the tidal wave of common sense and confidence' (p. 118).

Despite a few omissions, this volume is a commendable effort as it will generate discussion on a deeper level. The superficial observations of economic indicators and positive growth in the region are easy to make. What this book does is open the mind to the less-obvious dimensions of social science inquiry; looking for the influence of culture on development. In the light of the 1997 events, this book is even more useful because of the questions it can raise: Did culture have anything to do with the crisis? Why were some countries in the region affected more than others? What has leadership to do with the crisis? Was culture instrumental in the recovery process? The discourse that emerges is what sets people thinking. The first action towards change and progress is thought. So, can Asians think?

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