



**STRATEGY
RESEARCH
PROJECT**

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**GOVERNANCE OF DEFENSE ESTABLISHMENTS
IN THE ASIA-PACIFIC REGION**

BY

MR. MARK G. HARSTAD
Defense Leadership Management Program

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USAWC STRATEGY RESEARCH PROJECT

Governance of Defense Establishments in the Asia-Pacific Region

by

Mr. Mark G. Harstad
Defense Leadership Management Program (DLAMP)

Dr. Clayton Chun
Project Advisor

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U.S. Army War College
CARLISLE BARRACKS, PENNSYLVANIA 17013

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ABSTRACT

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This report surveys the diversity of Asia's defense establishments by comparing and contrasting the many dimensions of defense governance in Asia. It displays governance – the style and quality of resource management – in structural dimensions (strategic objectives and defense organization) and policy dimensions (transparency and cooperation, civil-military relations, and defense spending, production, and trade). Country examples are given for these dimensions, although the approach remains cross-sectional in order to focus on factors of governance. To help the reader's appreciation of regional similarities and differences, the author presents a series of subjective arrays ("stop-light charts"). The systematic coupling of these strategic and policy dimensions helps to identify areas for improved governance. This understanding of the governance of military, population, and government relations helps in an appreciation of their international relations policy. The report concludes by identifying implications for the region and U.S. policy.

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GOVERNANCE OF DEFENSE ESTABLISHMENTS IN THE ASIA-PACIFIC REGION

Ambition must be made to counteract ambition. The interest of the man must be connected with the constitutional rights of the place. It may be a reflection on human nature, that such devices should be necessary to control the abuses of government. But what is government itself, but the greatest of all reflections on human nature? If men were angels, no government would be necessary.

—James Madison

The recent Asian economic crisis demonstrated to the world the great variability of management styles across Asia and the surprising instability that is possible when economic and governmental institutions are put under stress. Within Asia's defense establishments a similar variability and potential for instability exists. This report assesses the governance—the style and quality of resource management—of Asia's defense establishments by depicting the broad range of structures and managerial policy styles. It concludes by identifying ways for the United States government to help Asia's defense establishments improve their governing systems.

A modern systems approach¹ leads to the following first questions about Asia's countries and the governance of their defense establishments:

Structure:

Who is important?

What are their objectives?

Why are they doing this; what are their motives?

How are they achieving their objectives?

Managerial policy:

How much are they doing?

How well are they doing it?

What can we do about this?

TABLE 1: FIRST QUESTIONS

The diversity of answers to these questions is expressed in terms of subjective assessments and sets of examples. The many dimensions of defense governance are addressed in structural dimensions (e.g., strategic objectives and defense organization) and policy

dimensions (e.g., transparency and cooperation, civil-military relations, and defense spending, production, and trade). To help the reader's appreciation of regional similarities and differences, the author presents a series of subjective arrays ("stop-light charts") of countries and dimensions.² Then, country examples are given for these dimensions. However, the approach remains cross-sectional in order to focus on governance. The systematic coupling of these strategic and policy dimensions helps to identify areas for improved governance.

By improving a country's institutional governance, both domestic and international security are enhanced. The examples provided in this report help to illustrate that many of Asia's security problems are not caused by consciously malevolent programs, but rather are the result of inappropriate management of the ends, ways, and means of security strategy.

The use of governance as an organizing concept grew out of the field of economic development assistance, which saw billions of dollars of foreign aid programs eaten up by poorly managed governments. Today, institutions such as the World Bank and the Asian Development Bank are actively addressing the interface of political science and economic resource allocation to derive more productive development programs.³

This approach underlies efforts by other organizations, as well. Each year, U.S. country teams –through the U.S. State Department's Annual Report on Military Expenditures– provide Congress with a detailed examination of the dimensions of governance of selected countries around the world.⁴ This scrutiny of foreign domestic conditions helps shape Congress' inputs to U.S. security policy formulation. What follows is an adaptation of this approach with the purpose of identifying practical ways to shape the region's peacetime security environment.

THE STRUCTURE OF ASIA'S DEFENSE ESTABLISHMENTS

Asia's diverse history has resulted in a variety of security functions and organizations. Because of Asia's significance to global security, it is important to study the linkage of Asia's national strategic objectives to the design of their security institutions.

THE IMPORTANCE OF ASIA'S DEFENSE ESTABLISHMENTS

The combination of the size of Asia's security institutions and their potential for conflict means that attention to their structure and management is key to regional security.

Size of Forces

About half of the world's armed forces are now serving in Asian militaries. In fact, the world's six largest armed forces operate in the Asia-Pacific region.⁵ Among these, China has the world's largest force (2.5M personnel in 2000), followed by the United States (1.4M) and Russia (1.0M). Three more Asian countries come next –India (1.3M), North Korea (1.1M), and South Korea (0.68M)– followed by Pakistan (0.61M), Turkey (0.61M), Iran (0.51M), and Vietnam (0.48M). (See Figure 1.)

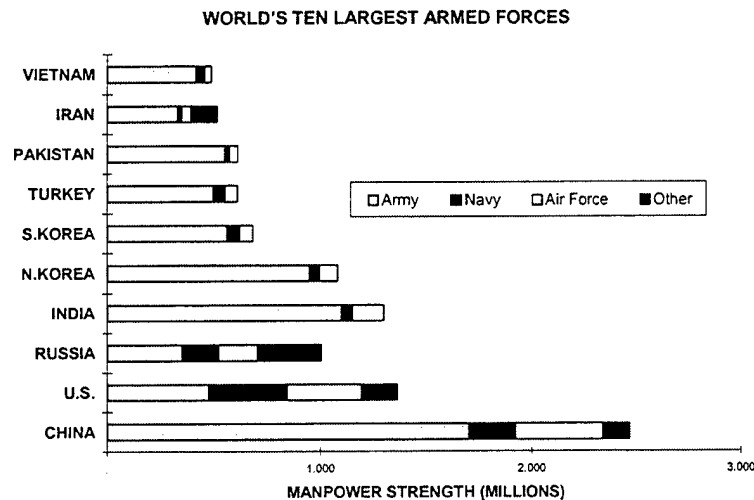


FIGURE 1. WORLD'S TEN LARGEST ARMED FORCES

Degree of Conflict

The foremost confrontations in the region are those between North Korea and South Korea and that between India and Pakistan, both of which have a nuclear dimension. The posturing over minor landmarks in the South China Sea is potentially damaging to global trade flows, and directly affects China, the Philippines, Vietnam, Malaysia, Brunei, and Indonesia. Sri Lanka is seeing a 17-year civil war, while intermittent flare-ups occur in Burma and Indonesia.

SECURITY OBJECTIVES

Security and Strategic Objectives

Table 2 depicts a personal assessment of the relative importance of global, border, and internal security to the strategic objectives of selected Asian countries. Most of Asia's strategic concerns (denoted "HIGH") appear in the first highlighted column, illustrating Asia's dependence on the challenges and opportunities offered by global trade and investment. Because of economic growth brought by global relationships, internal security issues are less prevalent. The defense establishments of these countries have shifted from domestic policing and constabulary work to the strengthening of modern defensive perimeters. Internal security remains an issue for countries that did not participate in recent global trends, such as Burma, Cambodia, North Korea, and Sri Lanka. Internal security also remains a concern for the world's first, third and fourth- largest countries — China, India, and Indonesia. Related to internal security are the cross-border security issues, which includes competition over ethnic peoples, natural resources, and nationalist posturing in addition to vulnerabilities posed by the internal security problems of neighboring countries.

| COUNTRY | GLOBAL | INTERNAL | BORDER |
|--------------|--------|----------|--------|
| Australia | | LOW | MED |
| Burma | LOW | | |
| Cambodia | LOW | | MED |
| China | | | |
| India | | | |
| Indonesia | | | MED |
| Japan | | LOW | |
| Korea, North | LOW | MED | |
| Korea, South | | LOW | |
| Malaysia | | MED | MED |
| Mongolia | MED | MED | |
| Pakistan | MED | | |
| Philippines | | MED | MED |
| Singapore | | LOW | MED |
| Sri Lanka | LOW | | |
| Taiwan | | LOW | |
| Thailand | | LOW | |
| Vietnam | MED | LOW | MED |

TABLE 2. RELATIVE IMPORTANCE OF SECURITY OBJECTIVES

Selected Examples of Security Objectives

The following examples illustrate how the countries of South Asia confront all the basic security objectives, but resolve the ends through unique policies. Economic performance is key to the stability of most Southeast Asian countries, although Burma, Laos, and Vietnam still strive for unchallenged mediocrity. By their sheer size and complexity, the countries of Northeast Asia place a priority on economic growth, but growth is constrained by entrenched political factions.

South Asia

India and Pakistan. Cross-border tensions remain high between India and Pakistan after their 1999 border conflict in the Kashmir ethnic area. Their possession of nuclear weapons magnifies the tension, since no firewall exists between convention and Weapons of Mass Destruction (WMD) arguments in their cross-border braggadocio. Pakistan relies on nuclear deterrence to confront India's numerical superiority of conventional forces and economic strength. Diplomatic efforts are largely unproductive, although talks over natural disaster management remain fruitful. No militarily focused discussions have been held. An appropriate forum for dialogue may be the South Asian Association for Regional Cooperation (SAARC), which primarily seeks economic cooperation in the region.

Pakistan. UN peacekeeping operations provide a valuable source of foreign currency to Pakistan and give it an exceptional global awareness. Most recently, Pakistan sent about 800 troops to participate in peacekeeping operations in East Timor.

Sri Lanka. Since its disenfranchisement in the 1950s, the Tamil ethnic group has fought a civil war for autonomy. In August 2000 the Sri Lankan government proposed constitutional reforms for a moderate federation, but the majority party opposes. Israel and the Ukraine provide Sri Lanka with counterinsurgent aircraft. India objects to these disruptions that threaten the stability of the nearby Indian Ocean sea lanes.

Southeast Asia

Philippines. The armed forces are poorly equipped. In 1995 China established military outposts near the Spratly Islands at Mischief Reef, which is located within the Exclusive Economic Zone of the Philippines. China's disregard for international law created an air of instability over the South China Sea. The insecurity of the Philippine maritime border prompted an ambitious modernization program. Modernization was put on hold due to the economic crisis, but may be funded now that the economy is recovering. The army will be reorganized into smaller rapid-reaction and special forces units. As a member of the ASEAN Regional

Forum (ARF), the Philippines is a proponent of the ARF dialog with China over the South China Sea. It also proposed the establishment of a regional arms registry and remains supportive of confidence building measures. However, the Philippines is revising defense budget priorities due to a slight resurgence in threats from the *Moro Islamic Liberation Front* and the *Abu Sayyaf* terrorist group.

Cambodia. The formation of the current coalition government in late 1998 brought political and commercial stability. Since large-scale Khmer Rouge defections in 1998, there have been no nascent insurrections. Relations with neighbors are peaceful.

Indonesia. Economic prosperity is a key objective to the world's fourth most populous country. Having tasted the fruits of global trade prior to the economic crisis beginning in 1997, Indonesia is struggling to re-attain prosperity by stabilizing economic and governmental institutions. Indonesia has sizable natural gas reserves that abut foreign claims over the Spratly Islands. Consequently, Indonesia is a major engine for informal workshops on trying to resolve South China Sea issues. Like Pakistan, Indonesia has a global security presence through its contributions to mandated peacekeeping operations, which provide Indonesia with a source of foreign income. Further, since Indonesia has the world's largest Islamic population, it serves as a global example of deterring security disputes by mixing Islamic, democratic, and economic aspirations. Internal security remains a key objective as the Indonesian federal government is experiencing significant ethnic and provincial problems across the Indonesian archipelago. Indonesia's control over the former Portuguese colony of East Timor proved to be unmanageable, and in 1999 East Timor achieved independence.

Malaysia. A major contributor of military personnel to U.N. peacekeeping operations since the Congo operations of the early 1960's, Malaysia announced that austerity measures are limiting its funding of further operations. Nevertheless, Malaysia has sent small numbers of military liaison officers to serve with the UN in the Western Sahara, Kosovo, and East Timor.

Singapore. Singapore strongly supports the global trading system. It has the world's largest major port, is a major oil refinery site, and is entry-way to the region's premier sea-lane-of-communication to the Middle East and Europe (the Straits of Malacca). It is the site of secretariat of the Asia Pacific Regional Cooperation (APEC) organization. Singapore possesses modern air and naval forces to protect its assets. It readily offered to host U.S. naval visits after the Philippines decided to disestablish U.S. facilities there in the early 1990s.

Thailand. Thailand's key objective is to continue its global and regional economic activities. However, it suffers from instability on its borders. It hosts 100,000 refugees from Burma's fascist government; Cambodia's government remains close to fracturing; and Laos still

suffers from xenophobic and cleptocratic attitudes to trading of both goods and ideas with the world.

Burma. The key objective of the uneducated Burmese government is to remain in power despite the wishes of its own people, which were established by the elections of 1988 but subsequently ignored. The result is a mismanaged domestic state based on national-socialist doctrine. Its nationalist promotion of ethnic Burmans ignores the needs of other ethnicities, which have "taken to the hills" in the border areas. It plays a careful game of receiving Chinese military and infrastructure assistance. External income derives from oil and gas ventures in Burma's coastal areas and from exploitation of lumber and minerals in the border areas.

Northeast Asia

China. China's leaders seek to balance the requirements of staying in power with those of greater political and economic reform.⁶ Economic development has been China's top priority for almost two decades. It unquestioningly relies on international markets and is undertaking internal reforms in order to become a member of the World Trade Organization (WTO). But China also vents nationalist sentiments against some of the key conduits of its foreign investment and trade: the United States and Taiwan. Economic priority has not prevented the military from probing activities in the South China Sea and Burma, while maintaining a puppet province in Tibet. China's military forces have been reorganized away from territorial-defense forces stationed around the country toward mobile, smaller forces that are tailored to respond to external and internal threats.⁷ Air, naval, information, and space missions also receive defense priority. Also, China's international relations are shaped by its past proliferation of nuclear and ballistic missile weapons.

Japan. Rivaling China as the world's second largest economy, Japan seeks national security by promoting global economic systems. It especially needs the security of Middle Eastern energy sources and European trade given by the sea lanes of Southeast Asia. Innovative solutions to sea lane security include proposals for the use of its coast guard to protect sea lanes out to 1000 miles from home waters. Another proposal is the construction of a trans-isthmus canal in Thailand as an alternate to the Straits of Malacca. Recently, Japan is struggling with handling incursions of Chinese naval vessels in its territorial waters.⁸

North and South Korea. North Korea's strategy is undergoing change as Kim Jong Il seeks to stay in power by maintaining the world's fifth largest armed forces, despite severe economic costs. Sudden upheaval is a real, potential problem. Kim is tinkering with economic change through superficial meetings with Chinese and South Korean officials.

Security Motives

The attainment of these security objectives can be summarized in the economic terms of “supplying the demand” – that is, converting means (or inputs) into ends (or outputs). These demand-side factors provide requirements for security. Likewise, the supply-side factors attempt to satisfy these needs. The combination of the demand and supply factors shape the organization for security.

Demand-side factors.⁹ The ends of national security and defense is driven by internal and external factors:

- Perceived threats from other nations,
- cross-border relations,
- the pursuit of increased prestige and international recognition;
- modernization of conventional self-defense capabilities;
- anticipating the potential rise of competing regional powers;
- increased likelihood of conflict from regional tensions (e.g., territorial disputes, sovereignty claims, challenges to government legitimacy, and historical animosity);
- surveillance and protection of Exclusive Economic Zones (EEZs);
- economic issues (e.g., protection of sea lanes, marine resources, and fisheries),
- environmental issues (e.g., pollution, deforestation, and oil spills), and
- terrorism and drug-running.

A key solution to these demands is the effort to modernize forces, which focuses on missions related to naval and air defenses; command, control, and communications (C3) systems; strategic and tactical intelligence systems; multi-role fighter aircraft; modern surface combatants and submarines; anti-ship missiles; electronic warfare (EW) systems; and rapid deployment forces. Much of this demand is devised as high-technology items, which are sourced by industrialized countries like the United States.

Supply-side factors. Internal and external resources include:

- Internal factors include economic growth (which determines the sustainability of spending), and the availability of domestic defense resources (such as natural resources, minerals and manpower) while
- external factors include objects supplied by friends and allies, as well as intangible things like the perceived reliability of external assistance.

NATIONAL SECURITY STRUCTURES

The preceding discussion illustrates that national security missions may extend beyond ordinary defense functions. This expanded focus creates a convoluted set of competing interests within organizations and causes concern for their governance. For example, where internal security is an issue, domestic police functions are sometimes incorporated by the military. Further, governments may find it convenient to establish uniformed militias at the local level or to create special-function organizations. (Table 3 estimates the importance of these organizations in each country.) If a country cannot protect all of citizens or manage the interests of its factions, then private and insurgent organizations may originate to protect interests of some citizens.

| COUNTRY | MILITARY | POLICE | PARAMILITARY | | | INSURGENT |
|--------------|----------|--------|--------------|---------|---------|-----------|
| | | | MILITIA | SPECIAL | PRIVATE | |
| Australia | MED | LO | LO | LO | LO | LO |
| Burma | MED | | LO | | | |
| Cambodia | MED | | MED | | | |
| China | MED | MED | LO | LO | LO | LO |
| India | MED | LO | LO | LO | LO | MED |
| Indonesia | | | | | | |
| Japan | MED | LO | LO | LO | LO | LO |
| Korea, North | | LO | MED | LO | LO | LO |
| Korea, South | MED | LO | LO | LO | LO | LO |
| Malaysia | MED | LO | LO | LO | LO | LO |
| Mongolia | MED | LO | LO | LO | LO | LO |
| Pakistan | | | | | | |
| Philippines | MED | LO | LO | LO | MED | MED |
| Singapore | MED | LO | LO | LO | LO | LO |
| Sri Lanka | MED | | LO | | | |
| Taiwan | MED | LO | LO | LO | LO | LO |
| Thailand | MED | LO | LO | LO | LO | LO |

TABLE 3. ASIAN NATIONAL SECURITY STRUCTURES

Selected Examples of Security Structures¹⁰

Many Asian countries have tried to mix military, police, and paramilitary organizations in order to achieve domestic law and order. Today, the militaries of countries like China and Indonesia are undergoing major re-organizations along more purposeful lines. Others like Sri Lanka and Burma are lost in quandaries by trying to use militaries to solve political problems.

China. Because of its size in terms of territory, population, and economy, China's security structures are likewise large, influential, and subject to international commentary. As the People's Liberation Army has downsized over the last decade, the manpower has been

transferred to the People's Armed Police (PAP), which has 1.3M people in the functions of internal security, border defense, guards, and communications units. Some of the PAP manning has in-turn been downsized.

Indonesia. Internal security challenges continue in Aceh, Maluku, and elsewhere. In 1999 the police were administratively separated from the military. This separation recognized that internal and external security need not necessarily be managed by the military, as was the assumption under the government's policy of dual-functions (called *dwi-fungsi*). Still, it lacks reliable laws and regulations to govern the relationship between the president and the military.

Malaysia. The primary mission of the Malaysian Armed Forces (MAF) is to defend the nation and its EEZ from external threats, and the MAF's leadership focuses on these narrowly interpreted professional responsibilities.

Thailand. Because of border problems that affect both external and internal security, Thailand maintains a para-military border patrol police. The border police reports to the Minister of Interior through the Royal Thai Police Department and numbers about 40,000. There is also an irregular light infantry force (the Tahan Phran) numbering about 22,600 volunteers which support the army and marines.

Burma. The relationship among military, police, and intelligence organizations is fuzzy. They have extensive records of human rights abuses in terms of false imprisonment, slave labor, and torture. The drug trade employs private armies to control poppy cultivation.¹¹ Ethnic resistance in the hillsides has been systematically co-opted and brought under nominal control. The Karen ethnic group near Thailand has managed an independent government of its people since World War Two, but recently many Karen areas have been taken over by the military. Due to inept federal relations with other ethnic groups on its borders, Burma's relations with Thailand, India, and Pakistan remain smoldering and potentially explosive.

Cambodia. Insurrection groups have not been active since 1998, although factional infighting is sporadic. Provinces maintain their own forces, and a police gendarmerie exists.

Sri Lanka. Given civil war conditions, Sri Lanka places its police force under the Ministry of Defence. A 3,000 member anti-guerrilla unit exists, as do National Guard and Home Guard units. Both police and army have sizable reserves recalled from the population.¹² The mixing of military and police functions implies that the government is treating its insurgent citizens as enemies to be conquered, and not as criminals needing civil justice.

GOVERNANCE OF MANAGERIAL POLICY

In the context of defense establishments, governance is the style and quality of resource management as it is used to achieve strategic ends. The effective choice of governance policies is critical to domestic and international relations. Throughout history, the government of populations through the controlled use of force is the key problem of security.

Among the ways to achieve security ends are (a) the choice of the degree of transparency of security objectives, (b) the organization of domestic civil-military relations, (c) the efficient and effective allocation of scarce resources (i.e., defense economics), and (d) cooperating in security communities. These methods are examined and analyzed.

STRATEGIC TRANSPARENCY EFFORTS

Arguably, transparency measures enhance regional security and are a key element of good governance. Nevertheless, the official publication of a national security strategy poses both negative and positive issues. What follows is an articulation of the rationale behind transparency measures, and a survey of Asian transparency efforts. It points to arms registers, which provide official records on defense capabilities, and to official strategy statements in the form of defense white papers and official webpages. (Since it focuses in a holistic way on the strategic transparency, it does not address other extremely important elements concerning weapons nonproliferation or regional issues.¹³)

Transparency Rationale

Ready access to information is a key by-product of the rise of economic globalism in Asia. This openness, coupled with the growth of democratic processes, is opening the doors of debate over national security strategy as countries become more integrated in the world economy. As the means of national security strategy become more open to observation and debate, so to are the ends. The openness of mass media is increasing the transparency of arms transactions, military budgets, and national security intentions. However, official statements on capabilities and intentions are still in their infancy. Asia's security establishments are wrestling with secrecy and openness as they cope with the fallout of the economic crisis that began in 1997. They seek to identify true security threats while also trying to modernize forces, maintain budget austerity, and reform defense institutions.

(a) Arguments Against Transparency. Military establishments congenitally oppose transparency by assuming that widespread secrecy enhances one's chances of success in a military operation. In wartime, secrecy of capabilities, methods, strengths, and deployments provides advantages over opponents above and beyond the obvious need for surprise. In

peacetime, these parameters are continually changing and are subject to training and other factors that significantly modify the force equation. Nevertheless, specific secrecy requirements are required in planning and policy offices, operations and intelligence departments, defense research organizations, and defense industries. Often, foreign ministries are aware of the even broader impact of policy factors on the force equation, although their rationale for secrecy is more obtuse and perhaps less stringent.

(b) Arguments For Transparency. Proponents for transparency exist at the international, national, and defense levels. The most frequently articulated argument reasons that international security is enhanced when potential opponents have knowledge of mutual intentions and capabilities. Presumably, they will not then engage in capricious threats to regional peace. The published information has a deterrent effect, and encourages a regional diplomatic dialog that can avoid conflict. Further, transparency benefits global peace by providing an early-warning system on arms build-ups, by containing spill-over effects, and by making international relations more predictable.

National-level arguments explain that transparency improves efficiency and governance of the overall economy, as well as of the national budget and of the defense budget itself. Openness encourages executive and legislative institutions to meet with public opinion makers to balance the social, economic, and defense elements of national security. In particular, the centralized control of defense improves when subordinates are not allowed to hide behind a cloak of secrecy. A reinforcing feedback loop develops among transparency, government behavior, and economic prosperity: as information flows increase, state behavior becomes more transparent, public accountability increases, and government efficiency improves. The increased efficiency contributes to economic development, which leads to further public confidence in policy makers, and further increases of information.

The "efficient-allocation-of-resources" argument gains further advocates at the defense-level. Its supporters seek a balanced mix of force structure and budgets, encourage the proportionate matching of means to ends, and promote the economy of force. Further, openness promotes professionalism by reducing the inefficient interference in national government by sanctimonious militaries, and by exposing military fiefdoms that serve personal rather than national goals. As a result, transparency advocates often see secrecy proponents as turf-defenders who engage in groupthink, without pausing to consider the overall benefits of open statements on strategy, resources, and budgets.

Another motive for secrecy is when capabilities are insufficient to meet needs, and a bluffing game ensues among potential adversaries. This governmental deception creates an

unstable atmosphere when the bluff is challenged, and catastrophic results occur as militaries and populations live with the consequences.

Transparency Activity

Current activities revolve around U.N. efforts to identify arms sales. The publication of Defense White Papers is also growing. However, major progress in the last few years has been made by presenting strategic transparency through official government websites.

(a) Transparency of Means: Arms Registers. Beginning in 1993, the United Nations Register of Conventional Arms created a database on arms capabilities based on global standards.¹⁴ Originally intended to identify the export and import of arms, UN formats also provide for the voluntary submission of information on indigenous arms production as well as military holdings.¹⁵ The only Asia-Pacific countries submitting arms trade information in 1998 were Australia, India, Indonesia, Japan, Malaysia, Philippines, South Korea, Singapore, Thailand, and Vietnam. Those submitting holdings information were Australia, New Zealand and Japan, with the latter two providing additional information on policy and procurement. China was noticeably absent in 1998.

(b) Transparency of Ends, Part One: Defense White Papers. Unlike arms registers, there exists no global push for the official publication of defense policy papers. Usually, the theme arises in multilateral discussions on Confidence and Security Building Measures (CSBMs) that seek to diffuse regional security tensions. The ASEAN Regional Forum advocates defense policy papers, but maintains no consistent program to encourage their production. Of major significance is China's effort, which originally concerned arms transfers, but is becoming mature with each new edition. Other Asia-Pacific countries with defense policy papers include Australia, Japan, New Zealand, South Korea, Taiwan, Thailand, and Singapore.

(c) Transparency of Ends, Part Two: Official Webpages. Only in the last few years have Asian governments produced significant statements on strategy and capabilities. (See Table 4 below.) Generally, foreign ministries identify national security priorities along with their international concerns. Defense agencies then supplement policy statements by identifying key elements of the means of defense, such as organization, capabilities, and even budgetary information. Of key interest are the webpages of Taiwan, India, Sri Lanka, New Zealand. Also, Singapore's webpages illustrate their emphasis on management techniques.

Judgments.

This short survey of transparency at the strategic level indicates that Asia's regional security can be enhanced by encouraging public statements, even when done on a unilateral

basis. A brief review of the literature also reveals the need for a more comprehensive appraisal of such holistic approaches to Asian transparency. In particular, these appraisals should articulate the costs, benefits, options, criteria, and roadmaps that can elevate the use of such transparency measures in the region's strategic dialog.

| COUNTRY | SOURCE | WEBSITE |
|-------------|---|--|
| Australia | Department of Defence | "Defence 2000 - Our Future Defence Force" http://202.59.33.56/ or www.defence.gov.au/ |
| | | "Defence 2000 - Our Future Defence Force" http://202.59.33.56/ |
| China | Information Office of the State Council | "China's National Defense in 2000" http://dailynews.muzi.com/ll/english/98859.shtml |
| India | Ministry of External Affairs (MEA) | "Annual Report '99-2000" www.indiagov.org/engrep.pdf |
| | Ministry of Defence | "National Security Environment – An Overview" http://mod.nic.in/aforces/body.htm#ar1 |
| | Indian Armed Forces | "The Official Website of Indian Armed Forces" armedforces.nic.in/ |
| Japan | Japan Defense Agency | www.jda.go.jp/e/index .htm |
| Malaysia | Malaysian Foreign Ministry | "Malaysia's Foreign Policy" www.kln.gov.my/bi-policy2.htm |
| | Ministry of Defence | mod.gov.my/ |
| Mongolia | Ministry of Defense | www.pmis.gov.mn/mdef/english/index.htm |
| New Zealand | Ministry of Defence | "The Defence White Paper (1997): Strategic plan for the Future of the Ministry of Defence in NZ" www.defence.govt.nz/ |
| | | "1999 Annual Report" |
| | | "Government response to "Defence 2000" - Full Report" (October 1999) |
| Singapore | Ministry of Defence | www.mindef.gov.sg/ds21/ |
| Sri Lanka | Ministry of Defence | www.lk/national/ministry/defence.html |
| | Foreign Ministry | www.lanka.net/fm/foriegnaffairs.html and www.lanka.net/fm/overview.PDF |
| | | "Peace Process" www.lk/peace.html |
| Taiwan | Ministry of National Defense | http://www.mnd.gov.tw/ |
| | | "2000 NATIONAL DEFENSE REPORT " www.mnd.gov.tw/report/830/html/e-03.html |
| Thailand | Supreme Command HQ | http://www.schq.mi.th/index_e.htm |

TABLE 4. SECURITY POLICY WEBSITES

CIVIL-MILITARY RELATIONS

Perhaps the most complicated –and potentially most fruitful– dimension of governance is the study and resolution of problems between government and military institutions. This dimension includes not only the role of civilian control of the military and its budgets, but also the role of military in society. Table 5 estimates the quality of these civil-military policies. A “GOOD” quality policy mix controls the military’s role in the economic, legislative, executive, and judicial powers of government and supervises their budgets.

| COUNTRY | MILITARY'S POLITICAL ROLE | CIVILIAN CONTROL OF MILITARY | ROLE IN BUDGET: | | |
|--------------|---------------------------|------------------------------|-----------------|----------|----------------------|
| | | | OF PARLIAMENT | OF MEDIA | OF LEGAL CONSTRAINTS |
| Australia | GOOD | GOOD | GOOD | GOOD | GOOD |
| Burma | | | | | |
| Cambodia | | | | | |
| China | | GOOD | | | |
| India | GOOD | GOOD | GOOD | GOOD | MED |
| Indonesia | | MED | MED | MED | MED |
| Japan | GOOD | GOOD | GOOD | GOOD | GOOD |
| Korea, North | | | | | |
| Korea, South | GOOD | GOOD | GOOD | GOOD | MED |
| Malaysia | GOOD | GOOD | GOOD | MED | MED |
| Mongolia | MED | MED | MED | MED | MED |
| Pakistan | | | MED | MED | MED |
| Philippines | GOOD | GOOD | GOOD | GOOD | GOOD |
| Singapore | GOOD | GOOD | GOOD | | GOOD |
| Sri Lanka | | MED | MED | MED | MED |
| Taiwan | GOOD | GOOD | GOOD | MED | MED |
| Thailand | GOOD | GOOD | GOOD | GOOD | GOOD |
| Vietnam | | MED | MED | MED | MED |

TABLE 5. CIVIL-MILITARY RELATIONS

Examples of Civil-Military Relations¹⁶

Over the long history of Asia’s defense establishments, the role of the military in civil functions and the reciprocal control of the military in government is blurred.¹⁷ The following examples illustrates the resulting breadth of Asia’s civil-military relations in terms of (a) military intervention in government, (b) and governmental control of the military, especially regarding budgets and the role of the legislative branch.¹⁸ In their civil-military relations, Indonesia is struggling, Japan and Australia are exemplary, and Thailand and the Philippines show promise.

Southeast Asia

Indonesia. The military has a strong role in politics and the economy, since the constitution prescribes a dual function, socio-security role. However, the recent economic crisis revealed weaknesses in government that are being examined after the political elections of 1999. Because of abuses and factional infighting, police and defense roles are being separated. Generals accused of abuses were forced into retirement, and more professional military functionaries are working with the new administration to advance reforms. In November 1999, Indonesia appointed its first civilian Minister of Defense and Security (MODS), who was personally approved by the President. Otherwise, defense appointments generally have remained within military MODS control. Because much of Indonesia's defense funding derives from income from wide-spread defense enterprises, the military remains largely outside of Parliament's budgetary control. Figure 2 presents an influence diagram showing the complex intermixing of federal and local officials with foundations, holding companies, and companies.¹⁹

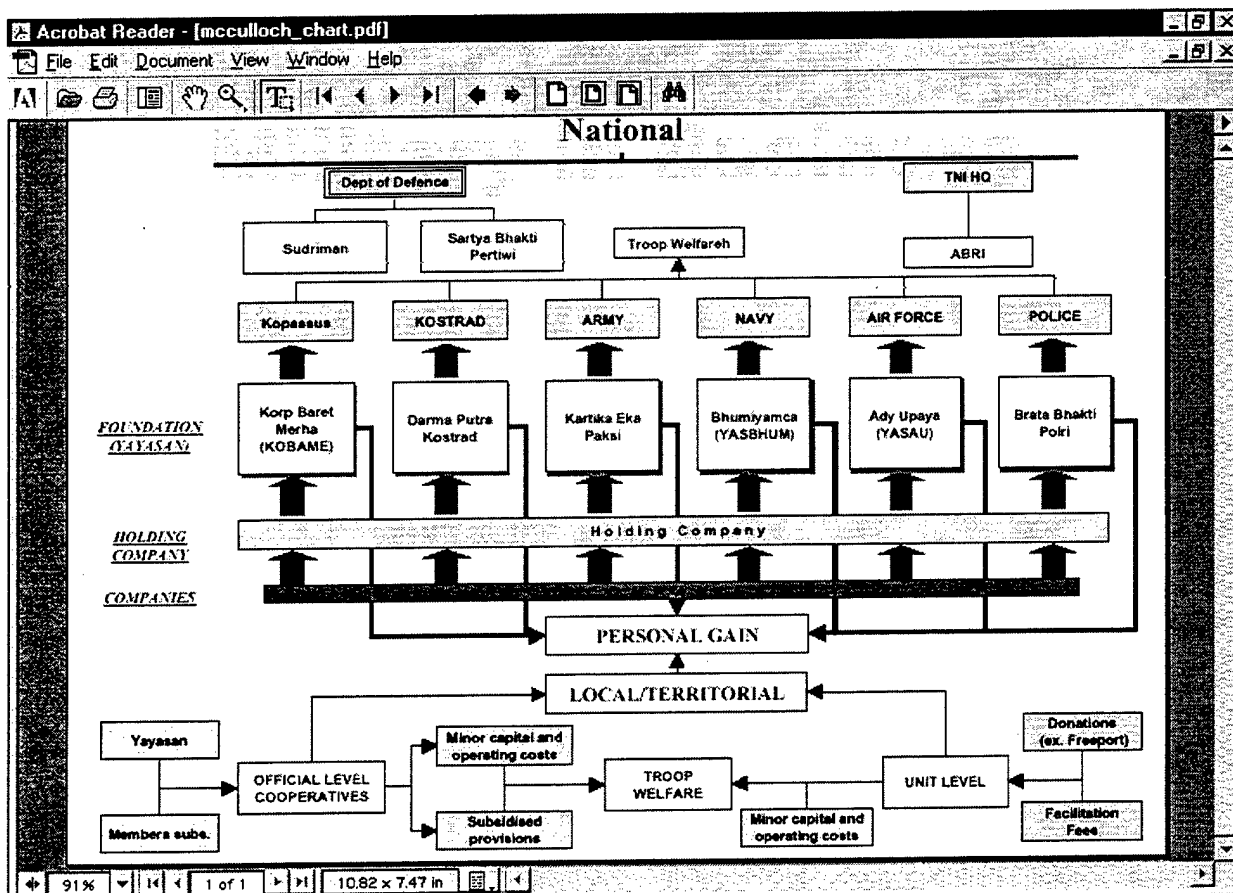


FIGURE 2. INDONESIAN DEFENSE ENTERPRISES

Thailand. Unlike previous decades, Thailand has held four successive and peaceful transfers of power between civilian leaders. Given Thailand's economic strength and the increased role of the middle class in politics, the Thai military remains "in the barracks." Civilian problems are left for civilian solution. Despite the economic crisis arising in 1997, the Thai military avoided involvement. General Surayud has concentrated on improving military professionalism and competency, and has tried to reduce the army's role in politics, diplomacy, and business. The 1997 Constitution banned active duty officers from running in the first Senate elections held that month. Civilian control over the military is maintained by the King and Prime Minister. For example, the Prime Minister has rejected several service recommendations for new service Chiefs in the past several years. Parliament is seeking more say in the defense budget and the military appears to be gradually yielding ground to Lower House demands for accountability. Further, the scrutiny by the media of the budget continues a healthy growth.

Philippines. Civil-military relations in the Philippines were tested in 2001 when the president was charged with corruption. Rather than intervening, the army and law enforcement organizations supported a rapid installation of the vice president. The role of the media and popular dissent are strong in the Philippines, and the government thrives in this environment. Regarding the setting of budgets, both the media and congress have strong voices.

Malaysia. The armed forces avoid overtly political activities and partisan political pronouncements. The civilian leadership sets the overall defense policy orientation and determines the size of the defense budget. Parliament debates defense budgets. Budgets may come under greater scrutiny since the opposition coalition gained a number of parliamentary seats in the November 1999 general elections.

Cambodia. The Khmer Rouge insurrection lost support in 1998 after the creation of the coalition government. Factional infighting is sporadic. Economic reforms are closely monitored by international financial institutions and donor countries.

Vietnam. While the Vietnam Communist Party exercises control over the military, the military also is a significant participant in the government and society. The military's organization transcends provincial boundaries. Its members belong to the highest levels of party and government. Military enterprises undertook widespread commercial activities in the 1990s, earning about \$600M in 1998.²⁰

Singapore. The Singapore military is under civilian control and plays no direct role in political affairs. The budget is subjected to annual public debate in parliament. Like Japan,

Singapore has a constitutional cap on the defense budget, which in Singapore's case is set at 6 percent of Gross Domestic Product (GDP). Singapore's budget has never reached this ceiling.

South Asia

Sri Lanka. Sri Lanka is a clear example of the inability of a majority government to respect and incorporate the interests of a minority ethnic group. The civil war has claimed 66,000 lives over the last 17 years. Sri Lanka is using both force and politics to seek its security objectives. Government forces counteract terrorist activities with air strikes and aerial resupply to remote units. However, the government's political attempts to grant autonomy to rebels does not have sufficient support from the populace.

Pakistan. The military had a bloodless coup on October 12, 1999, with General Musharraf becoming "Chief Executive" of Pakistan, with full executive powers. Parliament was suspended and the Constitution was replaced by a "Provisional Constitutional Order." Musharraf appointed a civilian cabinet, but the military maintains an "oversight" role over the functioning of the bureaucracy, and retired military officers occupy a number of senior government positions. Pakistan has yet to announce a date for a return to representative government. Despite a military regime, civilian oversight maintains a substantial degree of transparency through positions of Auditor General, the civilian Military Accountant General, and Finance Ministry advisors within the Defense Ministry and the Public Accounts Committee.

India. The Indian military has no political role. The civilian government nominates, approves, and can remove high military officials, e.g., in 1998 the Navy Chief was removed for corruption. Besides parliamentary oversight of the defense budget, the media also plays a strong public role in reviewing defense issues.

Northeast Asia

China. The Communist Party is ostensibly the legitimizing force behind the Chinese government. The increase in membership of non-political group, such as *Falung Gong*, is said to be seen as a threat to the stagnant Communist Party. The resulting confrontations thus far have not affected the military per se, but are a problem for the police and the judiciary to address. The government is experimenting with participatory government in some of its low-level civic organizations. The reputation of the Chinese Army remains dubious after the 1989 Tiananmen crackdown on students advocating a more popular basis to government legitimacy. Since the 1980s the PLA has relied on income from entrepreneurial uses of its assets. These PLA enterprises have an important impact on Chinese society.

Problems caused by commercialism were numerous, complex and deep-rooted. Military authorities paid particular attention to an extensive menu of malpractices and economic crimes: corruption, smuggling, profiteering, the misuse of public funds, evasion of tax and profit remittances, counterfeiting, social vices, and the diversion of military resources and manpower for commercial gain. These abuses flourished because of lax supervision and the extra-legal status of military units and their business offshoots that often placed them out of the jurisdiction of civilian law enforcement agencies.²¹

Authorities are concerned about the impact on military readiness and professional standards. In 1998 Jiang Zemin instructed military, para-military and law enforcement organizations to clean up and divest themselves from commercial activities. However, many of the original enterprises have been allowed to exist, such as the PLA Air Force's air carrier, China United Airlines.

DEFENSE ECONOMICS

The allocation of scarce defense resources can be depicted in terms of defense spending and the policy on weapons industries and procurement. Defense spending covers overall trends, the sustainability of spending relative to the economic strength, the accuracy and completeness of budgets, and the extent of management reform. (See Table 6.)

| COUNTRY | DEFENSE SPENDING | | | | WEAPONS | |
|--------------|------------------|---------|--------|--------|------------|---------|
| | TRENDS | SUSTAIN | BUDGET | REFORM | INDUSTRIES | PROCURE |
| Australia | GOOD | GOOD | GOOD | GOOD | | |
| Burma | | | MED | MED | LOW | MED |
| Cambodia | MED | MED | MED | MED | LOW | MED |
| China | | MED | | GOOD | | |
| India | MED | MED | MED | GOOD | | |
| Indonesia | MED | MED | MED | MED | MED | MED |
| Japan | GOOD | GOOD | GOOD | GOOD | MED | |
| Korea, North | | | | | | |
| Korea, South | MED | MED | MED | MED | | |
| Malaysia | MED | MED | MED | MED | MED | MED |
| Mongolia | MED | MED | MED | MED | LOW | LOW |
| Pakistan | MED | MED | MED | MED | | MED |
| Philippines | MED | MED | MED | MED | LOW | MED |
| Singapore | MED | GOOD | MED | GOOD | | MED |
| Sri Lanka | MED | MED | MED | MED | LOW | MED |
| Taiwan | MED | MED | MED | MED | | |
| Thailand | MED | MED | MED | MED | LOW | MED |
| Vietnam | GOOD | MED | MED | MED | LOW | MED |

TABLE 6. DEFENSE ECONOMICS

Defense Spending

Many Asian governments embarked on military modernization programs in the decade up to the 1997 Asian financial crisis.²² Nevertheless, —when measured in real, constant dollar terms — defense expenditures were only modestly increasing at about 2 percent annually.²³ (See Figure 3.) Asian countries with high long-term real growth in defense expenditures over the period from 1990 to 1999 were Singapore (7 percent annual increase), India (3.6 percent) and, on an official budget basis, China (8 percent).²⁴ Consequently it appears that the growth and direction of Asia's military spending was not abnormal. The trend bears further scrutiny at the country-level, however.

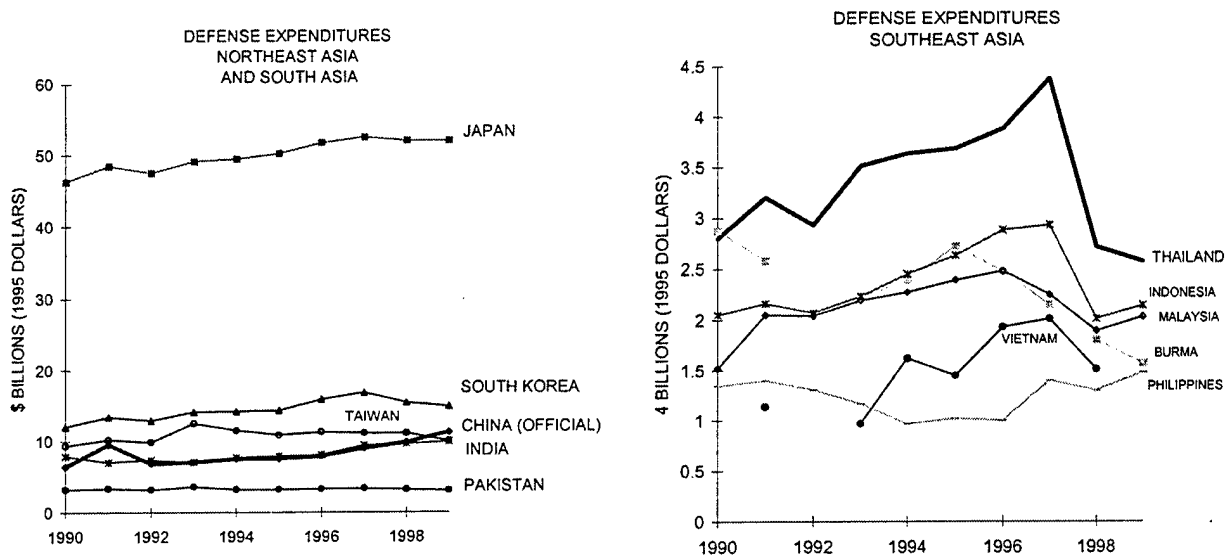


FIGURE 3: DEFENSE EXPENDITURES

Spending Sustainability. The sustainability of a budget is a function of sustaining the overall economy. Figure 4 illustrates the defense spending share of GDP for selected countries. These countries saw GDP growth exceeding defense spending growth, with a gradual downward trend. With the Asian economic downturn of 1997, defense spending programs also dropped as budgets were put on an austerity basis. For these countries the defense share is under 4 percent of GDP. The International Institute for Security Studies estimates that in 1999 the country average for East Asia and Australasia was 3.7 percent of GDP and for the more contentious South Asia was 5.3 percent of GDP. North Korea is a severe outlier, with a defense share of 14.3 percent of GDP.²⁵

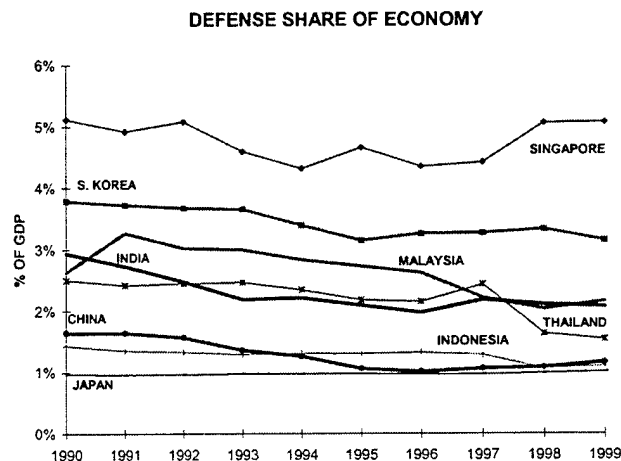


FIGURE 4: DEFENSE SHARE OF ECONOMY

Examples of the Management of Defense Spending.²⁶

Northeast Asia

North Korea. The numbers alone indicate that all efforts are needed to rationalize North Korea's governance to the extent possible. North Korea has the fifth largest armed force in the world to defend such a minor populace. Such mismanaged spending contorts the sustainability of the budget and the economy, creates social stresses, and threatens regional security in the process.

China. China's defense spending is by no means transparent.²⁷ For many years, much of the reported annual increases in China's official budget was absorbed by high inflation rates. However, the largest problem in estimating defense spending arises from inadequate accounting methods by the Peoples Liberation Army (PLA). Budgeted functions are hidden under construction, administrative expenses, and under state organizations such as the Commission on Science, Technology and Industry for National Defense (COSTIND), which mix PLA and other state activities. Further sources of income outside the national defense budget include official local and regional government expenses for local army contributions, pensions, militia upkeep and off-budget income from PLA commercial enterprises and defense industries, as well as income from international arms sales and unit-level production (e.g. farming). For 1995, the official Chinese defense budget was one-fourth the International Institute for Strategic Studies' (IISS) estimate and one-eighth the US Arms Control and Disarmament Agency (ACDA) estimate.²⁸ (See Table 7.) Therefore, according to some estimates, China is the biggest spender on defense in the region.

Japan. Japan has the second highest level of defense spending in the region, even though it is politically committed to maintaining its defense spending at no higher than 1 percent of GDP. This parameter is not to be confused with Japan's year-to-year increase, which averaged 1.4 percent annually from 1990 to 1998.

Estimates of China's Military Expenditures (\$Billions)

| | Official Defense | IISS | ACDA (in 1995 \$B) | SIPRI |
|----|------------------|------|--------------------|-------|
| 93 | 7.3 | | | 44.6 |
| 94 | 6.7 | 28.5 | 58.5 | |
| 95 | 7.5 | 33.0 | 63.5 | |
| 96 | 8.4 | 35.4 | | 56.0 |
| 97 | 9.7 | 36.6 | | |
| 98 | 11.0 | 38.2 | | |
| 99 | 11.2 | 39.9 | | |

Sources: International Institute for Strategic Studies, Arms Control and Disarmament Agency, Stockholm International Peace Research Institute

TABLE 7. ESTIMATES OF CHINA'S MILITARY EXPENDITURES (\$BILLIONS)

South Asia

India. India's budget accuracy is open to question, since only expenditures are reported. Supplemental budget requests are made from time to time, illustrating the budget planning problems. The budget is incomplete, as nuclear weapons and research development programs are not included. As a result of the 1999 fighting in Kashmir, India instituted a defense reform effort under a "Task Force on Management of Defence".²⁹

Pakistan. The defense budget does not disclose details on subsidiary "defense services".

Southeast Asia

The subregion spent \$15.8B in 1998 on defense, with an annual increase of 3.3 percent this decade.³⁰ Spending patterns have changed from 1980s-era spending increases as tensions have subsided after the assimilation of Vietnam into ASEAN in 1995. However, new tensions have been created over increased military activities in the South China Sea and civil unrest in Cambodia and Burma. The managers of defense budgets across Southeast Asia find it difficult to identify the new equipment's steady-state operational costs for manpower, basing, and training.

Vietnam. Defense spending declined during the 1980s, but since 1990 shows an annual 14.9 percent increase. Even during the regional prosperity of the mid-1990s, Vietnam had the tenth largest armed force in the world. Vietnam's defense share of GNP declined from 19.4 percent in 1985 to 3.1 percent in 1999 and is comparable to the average for Southeast Asian countries.

Singapore. The defense budget is fairly accurate and complete, although some parts are not made public. It does not include the budget of Singapore Technologies, a government-linked defense-related corporation. Regarding reform, Singapore was unlike other countries during the economic crisis who only addressed austerity concerns. Singapore made concerted efforts towards management reengineering, and the efficiencies should be long-lasting.

Thailand. There are wide discrepancies between the numbers of soldiers in uniform and the number of military positions on the book. The budget does not include paramilitary functions; nor a number of covert programs.

Philippines. The defense budget does not include the ambitious modernization program, and figures intermingle humanitarian assistance and disaster relief as well as other civic-action and nation-building programs, e.g., road-building.

Indonesia. In the early 1990s, Indonesia embarked on an ambitious program to obtain submarines and frigates. However, typical of a procurement binge, it did not calculate the sustainability of the gear in terms of maintenance, facilities, and operations.

Defense Industries and Arms Sales

The relationship of Asian government and industry with its technology and trade is fertile soil for further study. The following facts help to whet the appetite for additional research.

Size of Industries. In a study of available world-wide company data, the Stockholm International Peace Research Institute estimates 13 of the Top 100 Arms-Producing Companies are in Asia: Japan (7 companies), India (3), Australia (2), and Singapore (1).³¹ Equally important is the issue that industry data is not transparent for China, South Korea, and Taiwan.

Types of Production. Certain Asian arms producers are criticized for their proliferation of arms or components meet internationally proscribed criteria, such as weapons of mass destruction (WMD), long-range missiles. Others, such as China and Singapore, are criticized for promoting insurgencies and civil disorder by selling small arms.

India. In an effort for self-reliance after the 1962 confrontation with China, India created a widespread defense industry that includes 39 ordnance factories and eight defense public sector undertakings, such as Hindustan Aeronautics and Bharat Electronics.³² Its missile and nuclear production facilities are a contentious point in international relations.

China. State Enterprises are found under many departments of the central government. Defense-related enterprises exist under both PLA military organizations (as described here in the civil-military relations section) and as separate Defense Enterprises which are usually connected with the research, development, and production of weapons systems.

Asian Arms Imports

The world's largest arms market in 1998 was Asia (with a 41 percent share), followed by Europe (28 percent) and the Middle East (24 percent).³³ In the mid-1990s the decline in Asian arms imports paralleled global arms markets. Later, imports rose, were stymied by economic crisis, and now are resuming as economies strengthen. (See Figure 5.) Prudent defense policies can link these means with strategic ends and avoid wasted expenses; however, such prudence is not to be taken for granted. So an arms trade dialog is valuable.

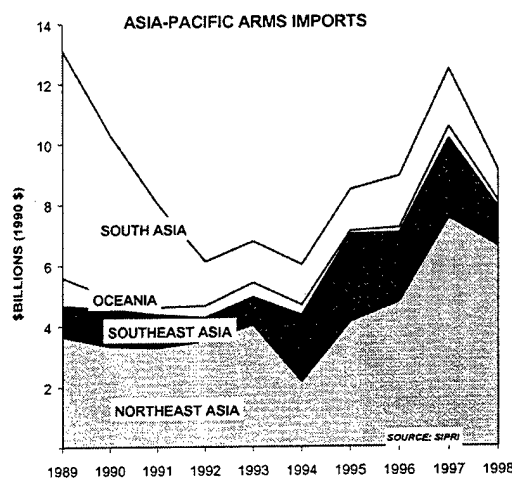


FIGURE 5 ASIA-PACIFIC ARMS IMPORTS

SECURITY COOPERATION

Cooperation traditionally includes the bilateral maintenance of allies, friends, and treaties of amity that are expressed in mutual trade of goods and services, assistance, and burdensharing. From a multilateral viewpoint, the Asia-Pacific region does not have either the rigidity of a NATO-like organization nor a two-way polarity as in the Cold War. Many of the region's multilateral efforts focus on economic cooperation, as is the purpose of the Asia-Pacific Economic Cooperation (APEC) and of the Pacific Basin Economic Cooperation (PBEC) organizations.

Expanded opportunities for regional security dialogue about security objectives are developing slowly at both the official level and the non-government level. Examples include:

- The ASEAN Regional Forum (ARF) is an official process established at the ASEAN post-Ministerial Conference in July 1993. ARF attempts to address confidence building measures and some transparency efforts. However, the parent ASEAN organization is fearful of political interference, and needs to re-focus on objective procedures that emphasize efficiency and effectiveness among all of the region's institutions.
- An example of non-governmental security cooperation is the Council for Security Cooperation in the Asia-Pacific (CSCAP), which brings together academic and government personnel on an unofficial basis. Even North Korea has been known to participate in CSCAP.

IMPLICATIONS AND U.S. ACTIONS

The preceding description of governance structures and management styles demonstrate a wide variety of ways to accomplish strategic ends. This description of governance styles implies normative prescriptions,³⁴ some of which are given below. Specific proposals regarding expanded U.S. military activities are given in the final section on the Commander-in-Chief, U.S. Pacific Command (USCINCPAC) Theater Engagement Program (TEP).

SECURITY OBJECTIVES AND DEFENSE STRUCTURES.

Security Communities

In contrast to the rigid formality of NATO, Asian cooperation is often done on an *ad hoc* basis. As such, numerous opportunities exist whereby three or more countries may wish to come together to pool resources and solve problems. These opportunities include transnational issues such as piracy, drugs, organized crime, and environment. are among these dimensions for which functional security communities may be appropriate.³⁵ Beyond these functionally-oriented issues are more broader multinational issues such as conflict resolution, consequence management, and law enforcement. Further, direct military functions such as search-and-rescue, communications, and interoperability also can serve as a reason to cooperate. Rather than having one cooperative organization suiting all functions, the Asia-Pacific region may be more amenable to topically oriented organizations that often may be only temporal in nature.

Arms Race Policy

Descriptions of defense spending in the Asia-Pacific region characterize the situation as either a dangerous arms race or as the benign pursuit of defensive weapons modernization. Neither extreme seems to capture the complex nature of Asia's defense trends, which, as depicted at the outset of this paper, is influenced by a broad range of supply and demand factors. A clearheaded assessment of regional threats and response capabilities can lead to a healthier allocation of resources.

- Prudence in arms sales and technology transfer enhances regional stability and security interests. On the U.S. side, the US Conventional Arms Transfer policy of February 1995 promotes restraint by both US and other suppliers in transferring weapons that may be destabilizing or dangerous to international peace.³⁶ At the same time, the policy supports arms transfers that meet legitimate defense requirements of our friends and allies, in support of our national security and foreign policy interests.

- Because of the mutual interactions of foreign policy and arms spending, the region should rekindle its transparency efforts.

GOVERNANCE OF MANAGERIAL POLICY

Transparency

Defense white papers, U.N arms control efforts, and defense databases should be more inclusive of countries and more comprehensive in functions. These proposals can be the basis for bilateral and multilateral security talks and conferences and should be promoted on both official and non-official tracks. Efforts towards transparency of military capabilities, intentions, and arms transfers can be encouraged through the following

- Existing global and bilateral efforts regarding the non-proliferation of WMD need to be expanded because of the grave consequences of miscalculations and human error.
- The ARF can be focused on constructive activities by promoting standards for official defense white papers, the establishment of a public registry on arms acquisitions, and encouraging international law procedures.
- The United Nations Register of Conventional Armaments was established to collate data on the import, export, and production of conventional arms while taking into account the legitimate security needs of states.³⁷ The expanded use of this information in official discussions will promote not only the accuracy of the database, but also more measured responses in defense governance.

Civil-Military Relations

Recently the Philippines and Thailand have shown great promise in managing civil-military relations. However, there and elsewhere in Asia, internal policing problems still threaten to spill over to military functions. The problem of over-reacting through repression (as in China's handling of *Falung Gong*) is equally as problematic as the administration of justice at the community level (as found along the permeable borders of Burma and its neighbors). A first step is to encourage sound interpersonal relations among civilian and defense institutions.

Whether one is from the First or Third World, political leaders are generally suspicious of the military and its intentions, especially in domestic politics. Hence, the need for healthy civil-military relations rather than ones based on suspicion and fear. At the same time, if the civilians adopt 'unbalanced' policies, resulting in the deterioration of the officer corps, then in the long run, it can be counterproductive and self-defeating for the civilian government itself.³⁸

Defense Economics

U.S. legislators have shown a clear interest in providing monetary assistance only to responsibly managed defense establishments.

- The annual report to Congress by the U.S. Department of State on military expenditures is a strong effort to understand and influence foreign defense establishments. Many of the report's taskings are very normative, and require information on civil military relations and budget quality. The annual use of this report will encourage U.S. embassies and attachés to establish a cooperative dialog on defense governance.
- U.S. legislation requires a functioning civilian audit of a country's military before the U.S. executive directors at the International Monetary Fund, World Bank, and Asian Development Bank can vote in favor of non-humanitarian assistance.³⁹

USCINCPAC THEATER ENGAGEMENT PROGRAM (TEP)

Regional security can be shaped by the U.S. military's promotion of the exchange of ideas on defense governance. Existing programs should be monitored and enhanced, while additional programs are cost-effective since they are both proactive and preventative.

Existing Programs

Current TEP activities that encourage governance include:

- The International Military Education and Training promotes military professionalism, encouraging military strength while avoiding involvement in government.⁴⁰ The augmenting program Expanded International Military Education and Training (E-IMET) further addresses civil-military relations, human rights, defense resource management, and military justice.⁴¹ Some of the schools supporting these goals include the Defense Resource Management Institute, the Center for Civil-Military Relations (both in Monterrey, CA) and the Naval Justice School in Newport, RI.
- The Asia-Pacific Regional Initiative (APRI) supports security communities by enhancing regional cooperation, military training, readiness, and exercises. It is a new program designed as an Asian parallel to the U.S. Partnership for Peace for developing European countries.⁴²
 - ◇ One APRI program sponsors defense officials from developing Asian countries to attend conferences on civil military relations under the auspices of Harvard's

Kennedy School of Government.⁴³ Defense officials learn about the process of planning during conflicts that require a careful balance of civil-military relations.

The response from attendees has been especially positive, especially since some of their home governments are struggling to address civil-military problems.

- Counter-drug programs help to control the transit of drugs to the United States.
- Conferences on the International Law of the Sea promote understanding and cooperation among navies and coast guards and encourage commercial confidence in use of the sea lanes.
- The role of high level visits by U.S. government officials encourages professionalism across the region. Further, the top-down approval of the these proposed reengineering methods is highly necessary for the methods' success.

Potential Programs

- Good budget management among Asian countries can be encouraged by a series of conferences, education programs, and exchanges about budget systems. The TEP can promote sound budget practices that correlate security requirements to sound life-cycle funding. By encouraging a life-cycle orientation to the development, procurement, and use of weapon systems, Asian militaries will be able to make their buck go farther.
 - ◇ Sound budgetary improvements can be developed by benchmarking against international accounting standards.⁴⁴ The Pacific Basin Economic Council (PBEC)⁴⁵ might be used as an impartial conduit to educate Asian defense officials in modern strategic budgeting practices.
 - ◇ While the implementation of U.S. defense budget practices may appear on the surface to be neither exemplary nor applicable to smaller Asian institutions, the academic principles may still apply. Foreign officials can learn from U.S. budget practices and technologies, choosing from U.S. and other regional techniques.
- Regional professional organizations can promote the ends-ways-means method by comparing strategic needs and cost-estimating procedures across the region.
 - ◇ A suitable vehicle for discussing cost-estimating analysis is the Asia-Pacific Military Operations Research (AMORS) organization, which conducts periodic meetings of regional defense analysts to discuss strategy and resource allocation methods.
 - ◇ The region's military colleges can help share ideas on force development that promote best practices.

- Further, the services can benchmark defense functions against other militaries, thereby encouraging the efficient and effective use of resources.
 - ◊ The Asian Chiefs of Defense (CHODS) can encourage defense efficiency conferences, – as both domestic and multilateral programs.
 - ◊ Conferences on the defense efficiency can be promoted among international professional organizations that focus on industrial engineering and the control of quality, production, and inventory.
- For domestic functions, foreign militaries can benchmark against U.S. practices:
 - ◊ Where flood control or water disputes are prevalent, they can observe the Army Corps of Engineers in watershed management.
 - ◊ Where anti-terrorist, anti-drug, or other illegal activities are challenged, they can observe the U.S. military's support role to domestic agencies.
 - ◊ As militaries are drawn into supporting their civilians in time of disaster, they can examine the standard operating procedures produced by Hawaii's Center of Excellence in Disaster Management and Humanitarian Assistance.⁴⁶

CONCLUSION

The foregoing discussion illustrates that the Asia-Pacific region has shared interests in peace and prosperity that can be enhanced by modern strategies, institutions, and practices. However, the linkage of ends, ways, and means is not guaranteed and requires patient diplomacy and engagement. As noted by Admiral Dennis Blair,

The prevalent way of thinking about international relations throughout the Asia-Pacific region is in balance-of-power terms. Leaders in China, India and Russia, and other states talk of a multipolar world where major states represent centers of power, continually maneuvering to create balances. This is the world of Bismarck and 19th century Europe. An alternative approach, better suited to dealing with the communal violence and transnational concerns of the 21st Century, is one in which states concentrate upon shared interests in peaceful development, and actively promote diplomacy and negotiation to resolve disagreements.⁴⁷

WORD COUNT = 8302

ENDNOTES

¹ Because of the very complex nature of Asia's defense establishments, this report uses a modern systems approach to array the important issues. The governance of any endeavor can be depicted in terms of an "ends- ways- and-means" paradigm, that is, in the traditional systems approach of "inputs- processes- and outputs." A modern systems analysis also identifies the hierarchical nature of these activities as well as the control systems used to achieve efficiency and effectiveness. This report applies this approach in order to present a complex issue in a concise and meaningful way.

² Although the rankings are necessarily subjective, the matrix method provides a clear way of comparing and contrasting this complex topic.

³ World Bank, World Development Report: 1997: The State in a Changing World (New York: Oxford University Press, 1997) and Katherina Pistor and Philip Wellons, The Role of Law and Legal Institutions in Asian Economic Development 1960-1995 (Manila: Asian Development Bank).

⁴ Many of the objectives and examples given in this report are drawn from U.S. Department of State, Annual Report on Military Expenditures 1999, July 27, 2000; available from <www.state.gov/www/global/arms/99_amiextoc.html>; Internet; accessed 1 March 2001. The report is submitted to the Committee on Appropriations of the U.S. Senate and the Committee on Appropriations of the U.S. House of Representatives by the Department of State on July 27, 2000, in accordance with section 511(b) of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1993.

⁵ International Institute for Strategic Studies (IISS), The Military Balance 2000/2001 (London: Oxford University Press, 2000).

⁶ George Tenet, Director of CIA, "Address to National Intelligence Committee", February 6, 2001.

⁷ IISS.

⁸ IISS.

⁹ Commander-in-Chief United States Pacific Command, USCINCPAC Asia-Pacific Economic Update 2000 (Honolulu: USCINCPAC, 2000); Available from <www.pacom.mil/misc/publications/apeu00/apeu00.htm>; Internet; accessed 1 March 2001.

¹⁰ U.S. Department of State, Annual Report on Military Expenditures 1999.

¹¹ After the government bought out Shan leader Khun Wa, poppy cultivation moved north of the Shan region to ethnic Chinese areas of Burma. The role of organized crime in drug-running and in the region is evident.

¹² IISS.

¹³ U.S. Department of State, Bureau of Nonproliferation Fact Sheets. Available from <www.state.gov/www/global/arms/bureau_np/factsheets_np.html>; Internet; accessed 1 March 2001.

¹⁴ "The UN Register of Conventional Arms is a voluntary annual report by member states on their arms imports and exports (in numbers of units) of seven categories of weapons — battle tanks, armored combat vehicles, large caliber artillery, combat aircraft, attack helicopters, warships, and missiles and missile launchers." See U.S. Department of State, Annual Report on Military Expenditures 1999 and also U.N. Department for Disarmament Affairs, "United Nations Register of Conventional Arms," available from <www.un.org/Depts/dda/CAB/register.htm>; Internet; accessed 1 March 2001.

¹⁵ "The UN system for the voluntary reporting of standardized military expenditure (MILEX) data provides a detailed reporting matrix and instructions, with countries invited to submit as much detail as they choose. Data submissions are not subjected to any analysis, processing, or checking beyond that needed for forwarding the data to the UN General Assembly. The information requested is actual military expenditures for the latest available year, rather than budgeted military expenditures for the current year." See U.S. Department of State, Annual Report on Military Expenditures 1999.

¹⁶ Many of these examples are drawn from U.S. Department of State, Annual Report on Military Expenditures, 1999.

¹⁷ The blurred lines between military and governmental functions is confused by theories that separate the two entirely rather than making military a subcomponent of government. By defining one of the functions of government to be the use of force, then military and police functions are naturally subordinate to the government. In this regard, Clausewitz's image of a triangular relationship among "military, government, and the people" muddies a control-systems problem that is better resolved by a hierarchical image or by a Venn Diagram. The Federalist Papers present the problem as one of achieving a balance between "the sword" and "the purse" or, more generally, between the executive and the legislative functions. A problem of good governance is to create a design that countervails the powers of force and the populace.

¹⁸ For a good survey of civil-military factors see Bilveer Singh, "Civil-Military Relations: Theory, Practice and Extrapolations for the Southeast Asian Region", at website of the International Conference on Soldiers in Business Papers, "The Military as an Economic Player," Jakarta 16-19 October 2000. Available from <www.bicc.de/budget/events/milbus/confpapers.html>. Internet. Accessed 1 March 2001.

¹⁹ Lesley McCulloch, "Trifungsi: The Role of the Indonesian Military in Business" at website of the International Conference on Soldiers in Business Papers, "The Military as an Economic Player," Jakarta 16-19 October 2000. Available from <www.bicc.de/budget/events/milbus/confpapers.html>. Internet. Accessed 1 March 2001.

²⁰ Carlyle Thayer, "The Economic and Commercial Roles of the Vietnam People's Army" at website of the International Conference on Soldiers in Business Papers, "The Military as an Economic Player," Jakarta 16-19 October 2000. Available from <www.bicc.de/budget/events/milbus/confpapers.html>. Internet. Accessed 1 March 2001.

²¹ Tai Ming Cheung, "The Rise and Fall of the Chinese Military Business Complex," website of the International Conference on Soldiers in Business Papers, "The Military as an Economic Player," Jakarta 16-19 October 2000. Available from <www.bicc.de/budget/events/milbus/confpapers.html>. Internet. Accessed 1 March 2001.

²² Earlier versions of this section appeared in my contribution to Commander-in-Chief United States Pacific Command. USCINCPAC Asia-Pacific Economic Update 2000. Honolulu: USCINCPAC, 2000.

²³ Commonwealth of Australia, Defence Intelligence Organization, Defence Economic Trends in the Asia-Pacific 1998 (Canberra: Defence Intelligence Organization, 1998).

²⁴ Commonwealth of Australia.

²⁵ A simple statistical control approach for assessing an outlying data point (e.g., an "unsustainable" budget) is to calculate an upper control limit (UCL) of two standard deviations above the average of a cross-section of the countries. For the Asia-Pacific countries covered by this paper (which does not include Central Asia), an estimate from IISS data for 1999 gives an UCL of 9.9 percent. Only North Korea exceeds this value, while the Maldives 9.6 percent falls just within the arbitrary limit. Use of such a tool helps prioritize countries of concern, although it remains subject to quibbling over methodology.

²⁶ U.S. Department of State, Annual Report on Military Expenditures, 1999.

²⁷ Stockholm International Peace Research Institute (SIPRI), *SIPRI Yearbook 1999*, June 1999; International Institute for Strategic Studies (IISS), *The Military Balance 1997/98*, October 1997, (www.isn.ethz.ch/iiss/); ACDA, *World Military Expenditures and Arms Transfers 1997*, Table I, April 1997.

²⁸ U.S. Department of State Bureau of Verification and Arms Control, World Military Expenditures and Arms Transfers (Washington D.C.: U.S. Government Printing Office, 2000).

²⁹ India Armed Forces, "Task Force on Management of Defence;" available from <armedforces.nic.in/army/backinfo.htm>; Internet; accessed 1 March 2001.

³⁰ Commonwealth of Australia.

³¹ Stockholm International Peace Research Institute (SIPRI), "Arms Production", 29 June 2000; available at <projects.sipri.se/milex/aprod/sipri100reg-98.html>; Internet; accessed 1 March 2001.

³² India Ministry of Defence, "Defence Production & Supply;" available from <mod.nic.in/product&supp/welcome.html>. Internet; accessed 1 March 2001. This website serves as a good example of an official and transparent information site.

³³ SIPRI, "SIPRI Arms Transfers Project," 20 June 1999; available from <www.sipri.se/projects/armstrade/imp_exp_regional_88-97.html>; Internet; accessed 1 March 2001. An alternate source is U.S. Department of State Bureau of Verification and Arms Control.

³⁴ Many of these prescriptions do not appear to be highly dependent on a nation's culture. Rather, the management styles appear to be symptoms of an underlying evolution of political, military, and social forces that are coincident with culture, but not dependent on culture. Consequently, improvements are neither "Western" nor destructive of culture, but rather, since they conserve on resources, they help to sustain and defend the nation and its populace.

³⁵ Emanuel Adler and Barnett, Michael, eds, Security Communities (Cambridge UK: Cambridge University Press, 1998).

³⁶ White House Fact Sheet, "Conventional Arms Transfer Policy," February 17, 1995.

³⁷ U.N. Department for Disarmament Affairs.

³⁸ Singh, p.3.

³⁹ U.S. Department of State, Annual Report on Military Expenditures, 1999.

⁴⁰ See country-specific information in Stanley O. Roth, Statement by Assistant Secretary of State for East Asian and Pacific Affairs, in "Congressional Budget Justification for Foreign Operations, Fiscal Year 2001;" available from <www.state.gov/www/budget/fy2001/fn150/forops_full/150fy01_fo_easia-pac.html>; Internet; accessed 1 March 2001.

⁴¹ Federation of American Scientists, "International Military Education and Training;" <www.fas.org/asmp/campaigns/training/IMET.html>; Internet; accessed 1 March 2001.

⁴² Admiral Dennis C. Blair, Statement Before the House International Relations Committee Subcommittee on Asia and the Pacific on U.S. Security Concerns in Asia," 8 March 2000, available from <www.house.gov/international_relations/ap/ussecur/blair.htm>; Internet; accessed 1 March 2001.

⁴³ Harvard John F. Kennedy School of Government, Initiatives in Conflict Management," available from <www.execprog.org/programs/icm/icm.htm>; Internet; accessed 1 March 2001.

⁴⁴ International Accounting Standards Committee. "Homepage;" available at <www.iasc.org.uk/frame/cen0.htm>; Internet; accessed 1 March 2001.

⁴⁵ Pacific Basin Economic Council. "Mainpage;" available at <www.pbec.org/home/>; Internet; accessed 1 March 2001.

⁴⁶ Center of Excellence in Disaster Management and Humanitarian Assistance (DMHA) - Hawaii, "The Center of Excellence in Disaster Management and Humanitarian Assistance," available from <coe-dmha.org/website/index.htm>; Internet; accessed 1 March 2001.

⁴⁷ Admiral Dennis Blair, Commander in Chief, U.S. Pacific Command, "The Role of Armed Forces in Regional Security Cooperation," 8 August 2000. Remarks to Senior Policy Seminar, at East-West Center, Honolulu, HI.

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