
US engagement in the Asia–Pacific: A force for peace and stability?

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Americans can always be counted on to do the right thing...after they have exhausted all other possibilities.

Churchill

Introduction

The United States is the world's dominant power. Its economic, cultural and military power is unrivalled by any other state. This paper investigates whether United States engagement in the Asia–Pacific contributes to or detracts from regional peace and stability. Our analysis will show that this is a complex issue with no easy answer. In the end, the answer appears to be 'It depends on the frame of reference of the questioner.' In the eyes of one person or state, the US can be the force preventing high-level interstate conflict; in the eyes of another, the US is destabilising national structures and the cause of discord.

To answer the question, the paper defines several important concepts to place a boundary on the discussion then provides an overview of the history of the United States and security institutions in the Asia–Pacific region to provide a historical context and assess whether the US is a part of the region. In turn, this assists comprehending the legitimacy of US actions. If the US is a part of the region, it has greater legitimacy than if it is an external actor.

We then identify the region's security issues and assess the role of the United States in contributing to stability. In doing so, we do not seek to investigate the full range of issues due to the scale that this task would impose, focusing instead on those considered by us to have the greatest potential for conflict. The paper will conclude that while US military and political engagement in the Asia–Pacific is both a force for stability and an agent of destabilisation, on balance its engagement promotes regional stability.

Definitions

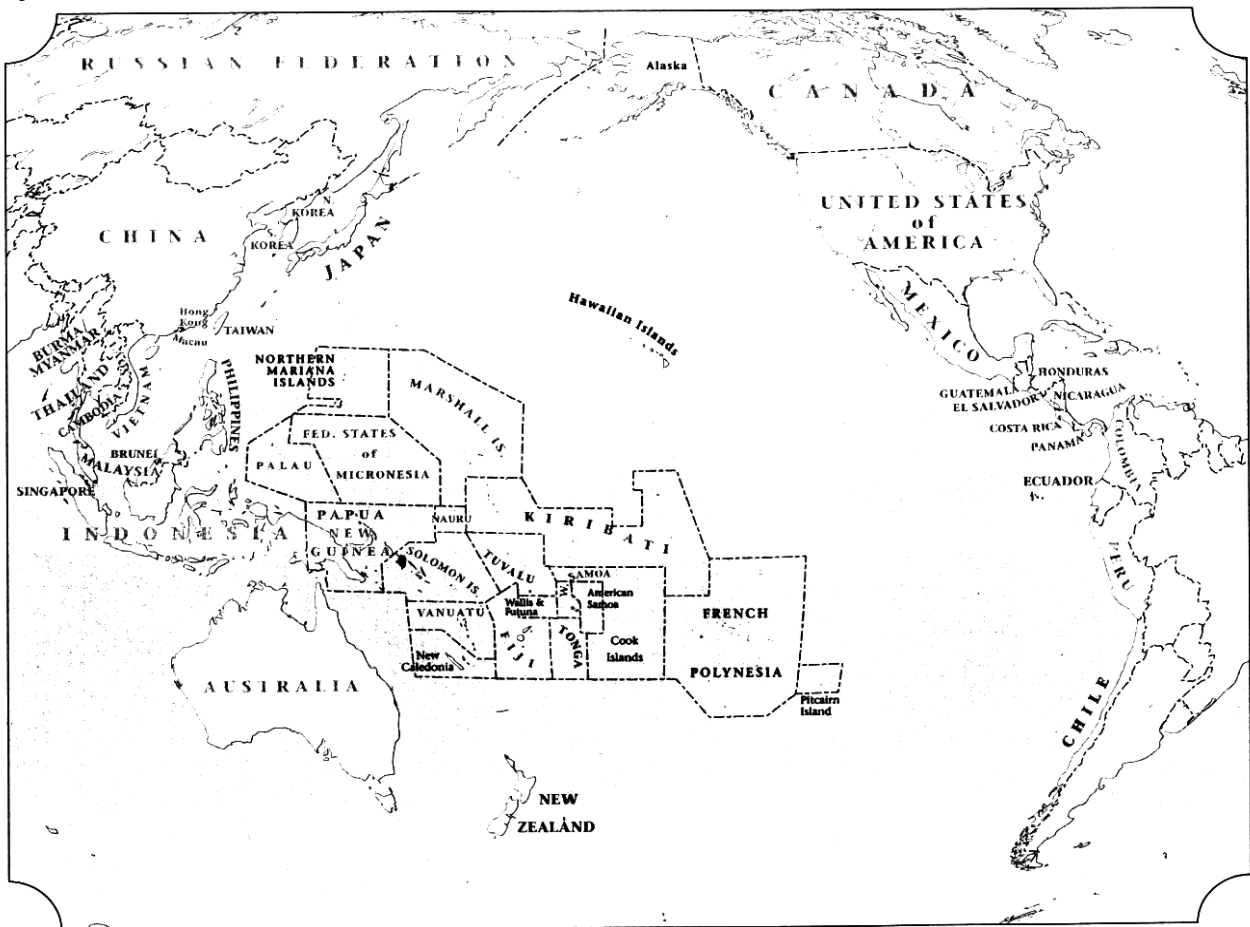
Definitions are important. They place bounds on a discussion, assist understanding and prevent ambiguity. The first, and least contentious, term is peace. In the context of this paper, peace exists when violent conflict and threats thereof are absent. Peace is not the absence of conflict: peace exists when conflict is handled by means that avoid the use or threatened use of force. Stability is more challenging. The dictionary definition, 'firmness in position...continuance without change...resistance to change' (*Macquarie Dictionary*, 2001, pp. 1827–1828), is unsatisfactory because of its connotation of an unchanging condition. Clearly, states can be stable, yet full of change. Texts on international politics do not provide assistance. Stability is used but it is taken as a given; Baylis and Smith's (2001a) *The Globalization of World Politics*, for example, has an excellent on-line glossary (Baylis and Smith, 2001b), yet no mention is made of stability. This is inadequate because of the

centrality of stability to our question. We have defined stability as: *A condition whereby change at the national and international level occurs through processes that are understood by participants, accepted as legitimate and participants accept the outcome of the processes.*

The final term is Asia-Pacific. The Asia-Pacific can be defined in geographical terms, geo-strategic terms, military terms, economic terms and other combinations. Camilleri (2003) identifies a power triangle in the region comprised of: the United States, the world's largest economy and sole remaining superpower; China, the most populous nation and a potential economic giant; and Japan, an economic powerhouse and highly developed. These three are vital to any notion of the Asia-Pacific. A similar view is expressed in the Australian Defence White Paper (Commonwealth of Australia, 2000, p. xi) which identifies China, Japan, India, Russia and the United States as the region's key powers. It comments that the state of relations between these countries will determine the state of security in the region.

We use an inclusive geographic definition of the Asia-Pacific region for the paper, centred on the Pacific Ocean that incorporates the nations that rim the Pacific and those within it. The map at Figure 1 shows the region as we define it. In this definition, the United States is a part of the region and hence a legitimate actor in its politics.

Figure 1: The Asia-Pacific Region



From Eccelston, et al. 1998, p. xvi.

Theoretical framework

Understanding the theoretical framework used in a study of international politics enables comprehension of the assumptions about how the international community operates, the usefulness of power and how decisions are made (Burchill, 1996a). This paper uses a Neo-realist framework where states are the decisive actors in an anarchical structure, territoriality is critical, and states act in their own self-interest understanding that, ultimately, their survival and prosperity depend on indigenous capabilities (Burchill, 1996b). This is not to deny the usefulness of other theoretical approaches such as Liberalism, but in a region with weak multilateral institutions, territorial disputes, memories of war, and where raw military power and the willingness to use it determines outcomes, Neo-realism provides a sound conceptual basis for analysis.

The United States in the Asia–Pacific

The United States has a long history of engagement, colonisation, coercion, trade and diplomatic commitment (both bi- and multilateral) in the Asia–Pacific.

The 1823 Monroe Doctrine's principles¹ provide the foundation for United States engagement in the Asia–Pacific, notwithstanding their early ineffectiveness. China was an early focal point from the late 18th century, primarily for trade and missionary activity. Japan was also important. The visit of Commodore Perry's Black Ships to Japan in 1853 succeeded in opening Japan to foreign trading and, more importantly for maritime strategy, to establishing coaling stations (Department of the Navy, 1953, np). Pendle (1976, p. 172) argues that it was not until 1895 that the United States commenced a period of external expansion when the United States prevented a British attempt to expand British Guiana's colonial border at the expense of Venezuela.

This expansionary phase resulted from the confluence of several ideas in the United States at the end of the 19th century (Garraty, 1991, pp. 616–619). These included: continuing the westwards expansion into the Pacific once the land border was reached; a belief that the United States provided the most desirable framework for living and this ought to be exported; and the Social Darwinist notion of survival of the fittest: if the United States did not continue to expand and grow, it would be overtaken by others more competitive.

Colonisation has been a feature of the United States expansion into the Asia–Pacific, albeit to a lesser extent than other European colonial powers. The Philippines were acquired consequent to the Spanish–American War of 1898 where the US also acquired Cuba and Puerto Rico (Garraty, 1991). Other colonies acquired in the same period include Hawaii, Midway and Guam. The Philippines gained limited independence in 1936 and full legal independence in 1946 (Brown, 1995, p. 315). However, unlike the European powers, with China the United States eschewed colonisation and instead, in 1899, sought open access to Chinese markets through the Open Door policy (Garraty, 1991, pp. 632–633).

Force has also been a feature of United States engagement in the region (Garraty, 1991). The US has forcefully suppressed revolts with the 1900 Boxer rebellion in China and the revolt in the Philippines in 1899 being the major examples. It has also fought three wars in the region in the 20th century: against the Japanese in World War Two, ultimately to occupy Japan in 1945; in the Korean Peninsula in the 1950s to a stalemate with North Korea that continues to today; and in Vietnam in the 1960s and 1970s, ultimately unsuccessfully.

The United States remains deeply engaged in the region: economically as a major trading partner; politically seeking to encourage democracy; militarily supporting nations including Japan, South Korea and Taiwan; and culturally through its soft power (Nye, 2003).

Institutionalism in the Asia–Pacific

The Asia–Pacific lacks comprehensive multilateral institutions (Friedberg, 1993; Bandow, 2001b; Naidu, 2003). No equivalent of the North Atlantic Treaty Organisation exists in the region. The reasons for this include the region’s cultural, historical and political diversity, its distance from the critical great power pressure points in Europe and the Middle East, the absence of competing ideological blocs, and the effect of the unrivalled military capability that the United States could deploy and use in the region (Evans, 1995, p. 575; Murata, 2000, p. 1). Consequently, the United States has been the primary driver in the development of security architecture and institutions in the region.

Institutions are important to stability at the regional and global level (Ellings & Scalapino, 2004). They bring participating nations’ national interests to one table and provide a regular forum for interchange, consensus and decision-making. Bilateral agreements are inherently stabilising as they provide for mutual advantage, define a relationship and build accord, transparency and trust. They can result in disaffection by third parties outside the bilateral agreement. Multilateral agreements are generally more stabilising than bilateral. They involve more states, defining more relationships, and extend transparency and trust to more participants. Those outside a multilateral agreement can feel excluded, leading to disaffection and instability. Numerous bilateral agreements can approach the stabilising nature of multilateral agreements, but are subordinate to the latter. The United Nations is the ultimate multilateral organisation, purpose built for enabling dialogue and action through consensus and agreement between the world’s nations. Other high level multilateral institutions that contribute to stability in the region include the World Trade Organisation and the International Monetary Fund (Ellings & Scalapino, 2004, p. 23).

Bi- or tri-lateral security agreements are common and preferred by the United States (Naidu, 2003). Agreements were made with Australia and New Zealand (ANZUS), the Philippines, South Korea, Japan, and the Nationalist Republic of China (Taiwan) in the ten years after the end of World War Two (Evans, 1995). The United States was also the primary driver of China’s re-integration into the wider global community following the US–China rapprochement in 1972, which in turn saw China replace Taiwan in the Security Council and the widespread recognition of China in place of Taiwan (Trood, 1995).

The 1954 Southeast Asian Treaty Organisation (SEATO) was the United States’ major attempt to establish a comprehensive multilateral security institution in the region. SEATO was intentionally weak by comparison with US bilateral treaties because the US saw them as more important (Evans, 1995, p. 576; Friedberg, 1993, p. 22). SEATO did not endure, being disestablished in 1977.

In 1967, the Association of Southeast Asian Nations (ASEAN) formed to provide a multilateral cooperative forum in the Southeast Asia region (Evans, 1995, pp. 576–583). ASEAN’s formation was supported by the United States (Evans, 1995, p. 577). ASEAN’s reliance on unanimity and its membership of comparatively weak states has limited its ability to deal with security issues within its region and it lacks a remit beyond Southeast Asia (Friedberg, 1993; Evans, 1995; Sudō, 2000; Tow, 2001; Ellings & Scalapino, 2004). The larger ASEAN Regional Forum (ARF), formed in 1994 and comprising the ASEAN member states plus a wide range of major and regional powers² is security focused and benefits from having wide representation. The ARF remains limited as a

security institution, however (Ellings & Scalapino, 2004). This is because China and the United States continue to place greater reliance on ad hoc bilateral agreements that provide greater flexibility, although ASEAN does provide an effective security dialogue forum (Friedburg, 1993; Evans, 1995; Tow, 2001; Naidu, 2003).

The 1971 Five Power Defence Arrangement (FPDA), signed by Britain, Malaysia, Singapore, Australia and New Zealand, is a sub-regional multilateral security institution that continues in force today. It addressed Malaysian and Singaporean concerns over the withdrawal of British forces from the region (Khoo How San, 2000). The FPDA only requires consultation between members in the event of a threat and does not obligate one member to come to the defence of another. In mid 2004, FPDA consultation on the threat of piracy and maritime terrorism resulted in agreement to increase training and exercise activities to enhance regional capabilities.

The final multilateral institution to be discussed is the Asia–Pacific Economic Cooperation (APEC), formed in 1989 to improve economic growth in the Asia–Pacific (DFAT, 2004b). It now includes security considerations within its ambit, establishing arrangements in the region to combat terrorism, particularly through improving security measures associated with trade and travel, and health threats such as the SARS virus (DFAT, 2004b; APEC Secretariat, 2004). APEC is a weak security institution, reliant on dialogue and agreement without coercive capability (Dibb, Hale & Prince, 1998).

The comparatively weak security institutions in the region, particularly the absence of a multilateral equivalent of NATO have placed the United States in a powerful position to influence regional stability. More than any other state, US actions and responses to security issues drive regional peace and stability.

SECURITY ISSUES IN THE ASIA–PACIFIC

North Korea

When North Korea attacked South Korea in 1950, the United States responded with force and backed by a United Nations Security Council resolution, led an allied force that eventually restored the border to essentially its pre-conflict location. The United States continues to maintain large forces in South Korea (Naidu, 2003).

The chronology of provocations by North Korea since 1950 comprises a long record of armed invasion, border violations, infiltration of armed saboteurs and spies, hijacking, kidnapping, terrorism (including assassination and bombing), threats/intimidation against political leaders, media personnel, and institutions, and incitement aimed at the overthrow of the South Korean Government.³ Most of the alleged events were against South Korea, but others involved the United States and Japan. Despite the evidence, all are denied by North Korea.

Regional concern about the behaviour of North Korea remains high, particularly with regard to its nuclear weapons and delivery system programs. Evidence of the threat exists in such forms as missile test-firings (such as the Taepodong-1 missile over Japan on 31 August 1998 [Nakai, 2000, p. 90]), and the plutonium extraction potential from North Korea's current stock of 8,000 spent fuel rods.⁴ The central fear is that diplomatic misadventure with North Korea on any front could escalate to involve weapons of mass destruction.

For years the US and the international community have tried to negotiate with North Korea to end its nuclear and missile development programs and to stop its weapons technology exports (O'Hanlon & Mochizuki, 2003). The chronology begins with North Korea's December 1985 accession to the Non-Proliferation Treaty (and concurrent failure to complete a safeguards agreement with the International Atomic Energy Agency [IAEA]) (Cotton, 2003). It reads as a long tale of relentless and frustrating American engagement through negotiation, aid and assistance, concession, international institutional intervention, weapons testing moratoriums, inspections, sanctions, troop deployments, diplomacy and North Korean brinkmanship. All this belies the secret and systematic nuclear weaponisation of North Korea—a fact finally admitted by North Korea on 16 October 2002—in violation of its commitments under the Agreed Framework of 1994, as well as the Non-Proliferation Treaty, North Korea's IAEA safeguards agreement, and the Joint North–South Declaration on the Denuclearization of the Korean Peninsula (*Arms Control Today*, 2002).

The first round of six-party talks⁵ aimed at resolving the North Korean nuclear crisis took place in China in August 2003. These were unfruitful and North Korea continues to pose a threat through the development of weapons of mass destruction and associated delivery systems.

The second set of six-nation talks were held in May 2004 in Beijing. While more are intended, there were again 'no particular breakthroughs' (Powell, 2004) and the US role in the six-nation concert attempting to break the 19-month impasse⁶ has again been significant. Pyongyang has offered to freeze its nuclear program, but only in return for significant US concessions. These include US agreement to issue a security assurance, normalise bilateral diplomatic relations, refrain from hindering North Korea's 'economic cooperation' with other countries, and increase food aid (Kerr, 2004). In addition, Pyongyang has demanded that Washington complete some suspended aspects of the 1994 Agreed Framework. That agreement froze the North Korean nuclear program in exchange for the construction of two proliferation resistant light-water nuclear reactors, provision of heavy-fuel oil, and the normalisation of diplomatic relations (Kerr, 2004).

Overall, however, the Americans are wary of more North Korean false promises posited for financial and political benefit. While the United States has softened on its previous line that North Korea should dismantle all of its nuclear facilities before the US would act, the Bush Administration continues to be reluctant to reward North Korea for dismantling its nuclear program. North Korea's offers are seen as blackmail attempts and the US intends to have North Korea come clean regarding its nuclear weapons capability before any further agreement is entered into (Cha, 2004). Watertight procedures for inspection and verification of any declaration would also be a likely precondition to any further US concession.

As of March 2003, a report published by a Korean research institute forecast that continuing crisis could bring annual economic growth for South Korea from its previous 6.2 per cent down to 1.4 per cent (*The Economist*, 2003). In the 12 months from January 2003—when North Korea began breaking its non-proliferation commitments—US foreign direct investment in South Korea fell 72 per cent and the share market dropped over 18 per cent (Cha, 2004).

Most analysts and neighbours consider North Korea unstable and the US remains inextricably central to the series of measures, failed and new, which offer prospects for peace. While the stabilising influence of the US, or otherwise, is fairly contentious in some regional matters, it is clear that the US remains indispensable to managing the security situation regarding the North Korean regime. Continued US engagement underwrites the territorial security of South Korea and the avoidance of

Japanese weapons nuclearisation. It also underwrites the economic survival of South Korea. As a consequence, the United States has played a stabilising role, reducing the likelihood of conflict. In mid 2004, however, unilateral action by the US to reduce its troop numbers in South Korea is having a destabilising influence (Byung-joon Ahn, 2004). This is because the reductions may be interpreted by North Korea as a weakening of US resolve to defend South Korea. In turn this may lead to increases in South Korean military capabilities that may translate to Chinese concerns, both over South Korea and potential changes to Japan's military posture. On balance, the US remains a stabilising influence, but needs to exercise care in its actions to prevent unintended destabilisation.

Theatre Missile Defence

Theatre Missile Defence (TMD) has its origins in the Strategic Defence Initiative (SDI) of the 1980s that sought to shield the United States from ballistic missile attack (McMillan, 2003). Although SDI did not eventuate, concerns in the US over vulnerability to attack by so-called 'rogue states' saw continued development of a missile defence capability. Test firing of a ballistic missile by North Korea in 1998 upped the ante and the election of George W. Bush, who campaigned on the need for missile defence, resulted in implementation of a comprehensive missile defence program. TMD is one component of the missile defence program. It aims to provide a deployable missile defence capability to protect deployed US forces and limited geographic areas. TMD will be based on US Navy AEGIS warships to provide land and sea defence against ballistic missiles (McMillan, 2003). The use of a warship platform provides a highly mobile capability able to deploy at short notice and for sustained periods without the need for fixed infrastructure outside the United States.

China sees TMD as destabilising for three reasons (People's Republic of China, 2002, pt VII, np; McMillan, 2003; Roy, 2003, p. 59). Firstly, Japan supports the program in response to concerns over attack by North Korea. North Korean missile test firings that travelled over Japan contributed to this position. China is concerned that Japanese deployment of TMD is a part of strategies to contain China and to remilitarise Japan. Secondly, Taiwan has sought to acquire TMD to improve its defences against Chinese missile attack. China is concerned that this could increase Taiwan's confidence in a declaration of independence and hence result in the declaration being made. The deployable nature of TMD furthers this concern as Japanese TMD could be used in support of Taiwan during a conflict, although Nakai (2000, p. 91) argues that Japanese interest in TMD is based on the threat from North Korea and it does not wish to add to tension with China. Thirdly, China argues that extending TMD to the region constitutes weapons proliferation that could lead to a regional arms race and is an example of the United States acting unilaterally as the global hegemon. Alternatively, in the case of Japan, deployment of TMD there could reduce the potential for broader Japanese remilitarisation and hence have a stabilising effect.

The development and deployment of TMD is solely the responsibility of the United States. It will determine whether the system becomes operational, and where and to whom it is deployed. Deployment or sale to Japan or Taiwan could result in destabilisation of relations between the United States, Japan and Taiwan on the one hand and China on the other. China would view deployment in international waters adjacent to its coast as infringing its sovereignty. China would hold the same view if TMD is deployed or sold to Taiwan. At worst, it could contribute to Taiwan declaring independence and conflict with China. It can be concluded that actions by the US regarding TMD could be severely destabilising.

Economic globalisation: trade and investment

Globalisation can be defined as ‘the widening, intensifying, speeding up and growing impact of worldwide interconnectedness across national boundaries’ (Deckers, 2004, p. 103). In economic terms it means more specialisation, less production self-sufficiency; more communication, information and transparency with and about trading partners; and less fettered trade access allowing greater overall quantities of trade (and subsequent economic interdependence).

Much debate exists over who controls globalisation and for what purpose. There is little debate, however, that the hub of globalisation lies in the West. While globalisation is not solely an American construct, US promotion of the globalisation process through its championship of capitalism, open world markets, international institutions and information technology has been largely unrivalled. America has therefore become widely recognised as the major force behind globalisation.

As far as the future peace and stability of the Asia–Pacific is in question, the forecast economic role of the US can be reduced to a matter of the relative pros and cons of globalisation. That is to say, US economic presence and activity in the Asia–Pacific can be taken as synonymous with the process of economic globalisation. ‘Is the US role stabilising?’ equates to ‘Is economic globalisation in the Asia–Pacific stabilising?’

Any assessment of this question needs to first address the general value of economic interdependence as a stabilising influence. A second useful insight would come from assessing stability brought about by a step-change increase in global economic engagement by an Asia–Pacific nation. China’s recent World Trade Organisation membership provides an opportunity for such an insight.

Economic interdependence

Just as the British Foreign Office describes the main strength of linkages between Europe and the United States in terms of ‘economic interdependence, shared values and common interests’ (Walker, 2004, p. 11), economic interdependence is commonly rated as a key strength in many relationships—even those lacking shared values.

Most quantitative studies on the subject have found a negative relationship between economic interdependence and interstate disputes. Gartzke & Li (2003) and Oneal (2003) find that high trade dependence reduces the likelihood of violent interstate conflict and that trade openness is also negatively correlated with such disturbances. As Oneal (2003, p. 721) states, ‘These results are consistent with more than 30 published or forthcoming studies that show that economic interdependence reduces the likelihood of interstate conflict’.

Economic interdependence increased markedly in the Asia–Pacific during the 1990s—and extrapolation of the trend sees it set to increase further into the future—with almost all the major trading nations having increased their dependence on trade. Nations increasing trade as a percentage of GDP by more than half during the period 1990 to 2000 include China, Japan, Indonesia, Malaysia, Philippines, Thailand, Vietnam and the US (Ellings & Friedburg, 2003, pp. 488–489). Analysis of export destinations shows a very high level of intra-regional trading, with the US, Japan, China and Singapore featuring amongst the main receivers of Asia–Pacific exports (Ellings & Friedburg, 2003, p. 491).

Stabilising aspects of global economic engagement

China's embrace of the WTO (with formal inclusion in December 2001) is a significant subscription by that nation to the globalisation process—and one which serves as a useful basis on which to consider benefits to peace and stability.

WTO membership was seen by the Chinese Administration as an economic breakthrough producing major increases in Foreign Direct Investment (FDI) and Chinese exports. It affords China unconditional Most Favoured Nation status (MFN) and allows for reinforcement of economic reforms. It also opens up the sort of imports and technology exchanges that accelerate modernisation and specialisation in the economy (Deckers, 2004). Other benefits include new links between nations via their financial institutions (Petras, 2000, p. 114).

As an agent of globalisation, WTO advocates argue it is a protector of poor countries, allowing trade to take place under a 'rule-based system'—supervising and policing the global market (Deckers, 2004, p. 106). It provides a forum to progress economic issues and for peaceful dispute resolution.

Globalisation, as represented by the WTO, offers economic gain, peaceful conflict resolution, or simply increased economic interconnectedness and dependence that in turn promotes stability.

It should be noted that globalisation can be presented as destabilising. There are still uncertainties about its nature. The quick attribution of blame by affected players in the Asian Economic Crisis of 1997 was indicative of this.

Anti-globalisation activists claim that globalisation in general, and organisations like the WTO in particular, mainly serve the interests of large states and their multinational corporations. Human rights are subordinated to corporate rights, poor countries are penalised, inequality is increased and sovereignty undermined (Global Exchange, 2003). Trade imbalances favouring powerful nations are also contentious. Malaysia's proposal for an East Asia Economic Grouping⁷ (EAEG) to band together a small-nation trading bloc to counter large powers illustrates the problem. Resentments over trade imbalances between the strong Western economies and the developing Asian economies will continue to be a source of instability in the region.

WTO membership can also mean a loss of government's power—especially in China's case (Deckers, 2004). The Chinese Communist Party (CCP) stands to lose power in general because its role in the economy reduces. WTO membership reduces control over tariffs and quotas for many agricultural products; over subsidies for Chinese medical and chemical products; over local jurisdiction on intellectual property rights subject to international standards, and over protection for local firms against takeover by foreign competitors. Further, subscription to globalisation is considered premature to many nations. The industrialised West creates and promotes globalisation at a time that suits its stage of economic evolution. However, there is no historical evidence to suggest that any country ever industrialised with the help of free trade, that is, opening its domestic market without protectionism (Deckers, 2004, p. 109).

Besides the stabilising benefits, therefore, there are potentially destabilising aspects to the economic aspects of globalisation. The features mentioned above ultimately produce social and political stress in any society making such commitments and, in China's case, could ultimately see the ruling regime undermined through lack of public support.

On balance, however one looks at Chinese WTO involvement, it has already brought significant stabilising advantages. Perhaps above all, it has helped to engage and demystify an emerging power

in the Asia-Pacific region which has frequently been portrayed in the West as either an emerging threat or a troubled giant facing internal disorder (although such contrasting images arguably reveal more about the West than about China) (Bernstein & Munro, 1997; Segal, 1994).

WTO engagement improves transparency, improves the degree to which participants penetrate and are penetrated by the world economy, and improves the options by which to engage outside forces in the advancement of internal modernisation reforms (Deckers, 2004). These aspects are stabilising for the nation and the region.

At the end of the day, globalisation is a 'two-edged sword' (Deckers, 2004, p. 117). Advantages would appear to outweigh disadvantages, as evidenced by China's assessment in deciding to join the WTO, but there are potential downsides as well. If the United States brings about globalisation in the Asia-Pacific; and globalisation brings about economic interdependence; and economic interdependence in turn brings about stability, then it can be said that the US brings about stability.

Terrorism and piracy

Since the events of 11 September 2001 and the October 2002 Bali bombing, terrorism has become a major concern to all Asia-Pacific states. Increasingly considered a sub-set of terrorism rather than a simple crime, concerns over the increasing incidence of piracy are also widespread in the region. Both can be devastating to the stability and economic wellbeing of the region. Terrorism has caused the loss of many innocent lives, destruction of infrastructure, deterred investment and jeopardised tourism. Piracy can result in economic loss, death and injury, environmental pollution and in the worst-case seaborne attack by hijacked ships. In 2004, piracy reached record levels and Indonesian waters had the highest risk of attack (CNN, 2004). Despite the seriousness of the terrorist threat and costs and risks of piracy, the region has not developed a coherent strategy and unilateral actions predominate. The United States is widely seen as acting unilaterally to protect its own interests and potentially infringing the sovereignty of regional states. The US is also seen as being responsible to an extent for some of the terrorist problem through its support for anti-Soviet guerrillas in Afghanistan in the 1980s and toleration of failed states in Central Asia following the collapse of the Soviet Union in the early 1990s (Ellings & Scalapino, 2003).

The Asia-Pacific is home to dangerous terrorist organisations (Thayer, 2003). Elements of al-Qaeda operate in the region and it is linked with regional groups like Jemaah Islamiah and Abu Sayaf Group. There are many other groups including Alex Boncayo Brigade, Communist Party of Philippines/New Peoples' Army, Cambodian Freedom Fighters and Kumpulan Mujahidin Malaysia. Piracy primarily occurs in territorial waters with the result that it is a matter for the state concerned (International Chamber of Shipping, 2004). Attempts by other states to intervene or override the state concerned are seen as violating sovereignty. This problem is acute in Southeast Asia where overlapping territorial borders and problems of jurisdiction such as rights to arrest, prosecution and sentencing become sovereignty issues.

Managing terrorism and piracy requires cooperative international action to attend to the immediate prevention, detection, arrest and prosecution of offenders and to address the root causes (Young & Valencia, 2003, p. 269). Military, intelligence and policing strategies form only one part of the response and are unlikely to provide long-term solutions. Preventing terrorism involves dealing with underlying issues of poverty, corruption, disaffection, religious conflict, ethnic disputes, education and employment. Piracy can be combated in the long-term through similar means with specific attention to subsistence fishing communities. The International Maritime Organization and APEC

are both implementing global and regional anti-piracy initiatives to assist regional states cooperate to reduce piracy and terrorism (APEC Secretariat, 2004). These initiatives are contributing to stability in the region through increased interaction and dialogue.

The United States has both a stabilising and destabilising effect in addressing terrorism and piracy in the region. The stabilising effect stems from US initiatives that result in nations within the region working together to exchange intelligence, train, enforce and regulate security measures. This improves dialogue, understanding and transparency. The destabilising effect stems from the US desire to solve the problem quickly. The United States has a record of adopting a unilateral pre-emptive action without due regard to a nation's sovereignty. This can be destabilising due to the resistance it generates in states that are sensitive to any depreciation of their sovereign rights.

Japanese remilitarisation

Article 9 of the 1947 Japanese Constitution requires Japan to renounce war or the use of force to achieve national objectives (Dower, 1976). Japan nevertheless possesses a potent military capability and is in the process of upgrading its capability to meet United States views that Japan should be able to defend herself and play a larger role in military operations such as rear-area support, resupply, minesweeping and humanitarian assistance (Murata, 2000, p. 28). Consequently, the revised 1997 Defence Guidelines recognise the complementary roles and capabilities between US and Japanese forces, where US provides offensive capabilities and Japan shoulders defensive capabilities (Nakai, 2000). In particular, the Guidelines expanded the area to be covered by Japanese forces to the flexible 'areas surrounding Japan' without further definition (Nakai, 2000, p. 87). Nakai (2000, p. 87) argues that providing the ability for Japanese forces to support Taiwan was a likely purpose for the expansion. Within Japan there is on-going debate over the process of increasing militarisation. Whilst there are many who are concerned with the process, there are others calling for it to be extended, even to the point of developing nuclear weapons (Ellings & Scalapino, 2003; Global Security.org, 2003). Japan, with its large economic and high level of technological ability could rapidly build highly capable military forces, and deploy nuclear weapons and delivery systems.

China is gravely concerned over Japanese remilitarisation (Christensen & Glosny, 2004). Based on historical experience, China views Japan as dangerous, unrepentant and bent upon militarism. In this context, China appreciates the United States' presence in the region to continue to limit Japan's military capabilities. The challenge for the US is to create a viable security strategy for Japan with sufficient military strength and capabilities that is both regionally acceptable and acceptable to Japan. US action will be destabilising if not managed with care and sensitivity particularly in terms of China's perceptions. TMD provides an example of this: Japanese deployment of TMD could be seen as either stabilising or destabilising. The stabilising aspect could be through reducing the need for Japan to develop further military capabilities to protect against a threat from North Korea. Alternatively, Japanese TMD could destabilise through initiating a regional arms race. Given present US control of TMD, it has a responsibility to ensure its deployment acts in stabilising ways.

Rise of China

China's GDP growth averaged approximately nine per cent from 1990 to 2002, far outstripping other nations both regionally and internationally (Ellings & Friedburg, 2003). As at 2002–2003 it was ranked as the third largest regional economy in GDP (constant) terms, and its current objective is to quadruple GDP in the next 20 years—an aim requiring annual growth in the vicinity of 7.2 per cent

(Ellings & Friedburg, 2003). Furthermore, China was the most favoured destination for international capital in the 1990s, attracting the largest share of foreign direct investment in Asia by far (Ellings & Friedburg, 2003, p. 492). If China maintained its projected growth rate (on a 2001 GDP start point of US\$1.11 trillion) and the US maintained its 12 year average growth of less than three per cent (on a 2001 GDP start point of US\$9.01 trillion), there will be a time around the mid 21st century when China will catch America.

China's military growth was not as spectacular as its economic growth in the 12 years to 2002, but its defence expenditure as a percentage of GDP remained high at four per cent in 2002 (with other sources estimating even higher). In labour terms—despite a one third reduction during the period—China rose to the rank of first in size for the region (Ellings & Friedburg, 2003, p. 498).

China's military has modernised, although few analysts would consider China's military—given its technological state and rate of change—to be able to rival that of the US for many decades (Moore, 2000; Eland, 2003b; Roy, 2003; Daly, 2004). While some elements (including Su-30 fighters and Sovremenny destroyers) are modern and the armed forces numerically enormous, much of the inventory is obsolete by American standards (Moore, 2000; Eland, 2003b; Roy, 2003; Austin & Harris, 2001; Daly, 2004). United States expenditure exceeds China's by a factor of ten and it is modernising its forces at a faster rate and from a far higher starting base. (Moore, 2000; Eland, 2003b; Roy, 2003; Daly, 2004). The important point is that given its unrivalled economic success, China has the resources to fund a large military build-up should threat or opportunity require it.

The modernisation program to date has been aimed at specific goals: ensuring the protection of China's territorial integrity, providing military options to offset the United States in the region, ensuring defence force capabilities continue to grow commensurate with China's growing economy and engagement with the world, and to balance against a growing Indian naval capability (Moore, 2000; Swaine, 2000; Eland, 2003b; Roy, 2003; Austin & Harris, 2001; Daly, 2004).

Other possible motivations for a further enlarged and modernised defence force include China's increasing dependence on oil (with current imports of two million barrels a day expected to grow to nine million barrels a day over the next 25 years). This could produce a real or perceived vulnerability to maritime interdiction on insecure maritime routes that China may wish to address.

In general terms, Washington and Beijing have a range of substantial differences over which they could enter serious competition in the future, including: their political and social value-systems; the future of Taiwan; human rights in China; the future of human rights and autonomy for Tibet; the sale of nuclear technologies and materials; pirating of intellectual property and the size of China's trade surplus (Bell, 2003, pp. 28–29). China continues to be suspicious of America with regard to both its 'containment' policies of the past and its current foreign policy drive for global democratisation. China also has ambitions to match US power and to have a strong influence on world order (Austin & Harris, pp. 23–24). Conversely, the US seeks to maintain its position of supremacy and shows no sign of abandoning its often aggressive pursuit of foreign policy objectives (Austin & Harris, pp. 23–24).

The bottom line is that while the US has unrivalled economic and military power, China's economic growth and potential for military growth is now unequalled. A future reduction in the power gradient between China and the US could easily bring at least some of their differences more sharply into contention. China is 'on the rise' and the ramifications of an altered power situation in the region are uncertain.

The future peace and stability in the Asia–Pacific are dependent on the response of the US to an ascendant China, and on the use by China of its increasing new power.

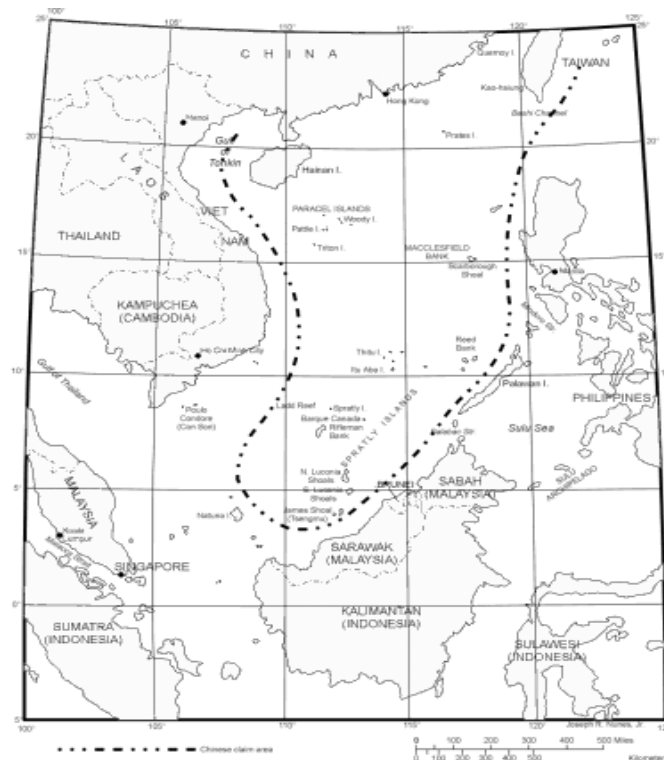
Through continued engagement with China, economically and diplomatically, the US could accept the modernisation as non-threatening to either its predominance in the region or the security of neighbouring states such as Japan. It could continue to provide Japan with a military umbrella, thus removing the risk of Japan remilitarising as a response to China’s rise. It could restrain Taiwan from declaring independence, thus maintaining the status quo and addressing Beijing’s key sovereignty issue. Alternatively, the US could increase instability: promote Japanese remilitarisation; permit Taiwanese independence; or promote a regional arms race through deploying its own modern military capabilities (particularly Theatre Missile Defence) to Taiwan or Japan. Any of these would be destabilising.

Overall, the role of the US in the peace and stability of the Asia–Pacific, with specific regard to the rise of China, could be either stabilising or destabilising in the future. China’s actions are just as important.

South China Sea

The South China Sea is one of the potential border flashpoints that affects the Asia–Pacific and is unique in that it is a multilateral dispute where Brunei, China, Malaysia, the Philippines, Taiwan, Thailand and Vietnam have overlapping claims (Cossa, 1998; Energy Information Administration [EIA], 2003; Bandow, 2001b). Figure 2 below shows the South China Sea and the littoral states.

Figure 2: South China Sea



Adapted from Marvyn Samuels, *Contest for the South China Sea*

From Studeman, 1998

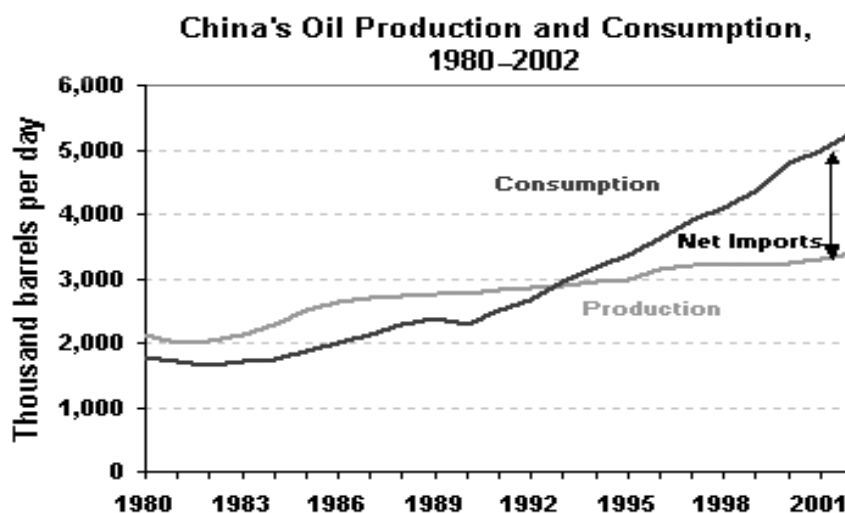
There have been four instances of armed conflict or the threat of it in the South China Sea since the 1970s between the various claimants. China against Vietnam in the Paracel Island group (north of the Spratlys), China against Vietnam in 1988 with 72 deaths and three vessels sunk, China's unilateral issue of an oil exploration licence and deployment of submarines to protect the exploration activities in 1992, and the Mischief Reef incident between China and the Philippines where naval vessels were positioned to support each state's claim in 1995 (Synder, 1996, p. 4; Studeman, 1998, pp. 6–7).

The Spratlys are important for two main reasons. The first reason is the significant energy resources in the South China Sea. The US Department of Energy reports proven reserves of 7 billion barrels with estimates from 28 to as high as 213 billion barrels (EIA, 2003, pp. 4–5). Natural gas is also present in abundance. Control of the Spratlys Islands may provide control of these energy resources through the 200 nautical mile Exclusive Economic Zone (EEZ). China is keenly interested in the energy resources of the area due to falling on-shore local production and increasing domestic demand as its economy grows (Studeman, 1998, p. 3). Figure 3 below shows the growing gap.

The Spratlys are also important because of their position astride important sea lanes of communication for the passage of oil from the Middle East to Japan and China and for the movement of naval forces, particularly those of the United States between the Persian Gulf and other locations (Synder, 1996, p. 3; EIA, p. 6). Sovereignty over the Spratlys could enable restrictions on the freedom of navigation within the territorial waters of the islands.

Although the risk of conflict in the South China Sea is real and has occurred in the past, the nations of the region are aware of the need to resolve the issues by means other than force. ASEAN and its security institution, the ARF, have been active under Indonesian leadership to promote dialogue and arbitration (EIA, 2003, p. 3). The ASEAN activity has resulted in the signing of a Code of Conduct for the South China Sea signed on 4 November 2002 between the ASEAN members and China (ASEAN, 2002). The Code commits signatories to comply with international law, build trust and confidence, respect freedom of maritime navigation, use of peaceful means to resolve disputes, avoid the use of force, avoid changing the status quo and undertaking a range of confidence building measures such as exchanging scientific information, and notification of exercises and search and rescue activities.

Figure 3: China's Oil Gap



Source: EIA, 2003b

Bilateral negotiations between Vietnam and China and between Brunei and Malaysia have also been used to deal with the dispute (EIA, 2003, p. 4). The negotiations between Vietnam and China resulted in resolution of a border dispute in the Gulf of Tonkin in 2000, but the Malaysia–Brunei negotiations have not prevented naval encounters in 2003 where each states’ navy attempted to evict exploration vessels, albeit without the use of force (EIA, 2003, p. 4).

The United States has several interests in the South China Sea. Firstly, it is committed to retaining freedom of navigation, declaring in a statement in 1995 regarding the dispute in the South China Sea that this was a fundamental interest of the United States (Synder, 1996, p. 5). The statement also noted that the United States was neutral regarding the sovereignty claims but opposed any destabilising or provocative actions. The United States also has defence treaties with several of the nations interested in the South China Sea, such as Taiwan⁸ and the Philippines (Naidu, 2003, p. 524), and could be drawn into an armed conflict between one of its allies and a non-allied state. Given the United States’ neutrality on the various claims, it would be primarily concerned with maintaining the status quo and replacing armed conflict with negotiation and peaceful settlement. It is likely, therefore, that the United States is a force for stability in the South China Sea rather than instability.

Taiwan

China’s National Defence in 2002 (People’s Republic of China, 2002, pt I, np) is blunt in its assessment of China–Taiwan situation:

The basic pattern and trend of development in the cross-Taiwan Straits relationship remain unchanged...cross-Straits economic, trade, cultural and personnel exchanges have become more frequent, and the opening of three direct links in mail, air and shipping, and trade between the two sides represents the popular will and the trend of the times. But the root cause of tension between the two sides has not been eliminated. While refusing to accept the one-China principle, and stubbornly clinging to the position of ‘Taiwan independence’, the leader of Taiwan has even gone so far as to dish up the separatist proposition of ‘one country on each side’, and carried out all sorts of separatist moves with an incremental logic. The Taiwan separatist force is the biggest threat to peace and stability in the Taiwan Straits. By continuing to sell weapons and military equipment to Taiwan and elevating relations with the Taiwan authorities, a handful of countries have interfered in China’s internal affairs, inflated the arrogance of the separatist forces and undermined China’s peaceful reunification.

And later in Part II of the White Paper:

China’s territorial land, inland waters, territorial seas and territorial airspace are inviolable... Taiwan is an inalienable part of China. The Chinese government will, in keeping with the basic principles of ‘peaceful reunification’ and ‘one country, two systems’ and the eight-point proposal on developing cross-Straits relations and advancing the process of peaceful national reunification at the present stage, strive for prospects of peaceful reunification... But it will not forswear the use of force... China’s armed forces will unswervingly defend the country’s sovereignty and unity, and have the resolve as well as the capability to check any separatist act.

The statement makes China’s position on Taiwan clear. The opening sentences indicate support for continuing economic, cultural and human contacts between China and Taiwan and that it expects these to continue and deepen over time. Secondly, assertions of independence are the foundation of the tension with the inference that provided Taiwan makes no move to independence, China can live with the current situation. Thirdly, China has chosen not to name the United States specifically as the supplier of arms to Taiwan and hence interfering in China’s internal affairs. This indicates a desire to not offend the United States and maintain the relationship. Finally, it makes clear that China will use force should Taiwan attempt independence.

Ross (2002), Eland (2003a) and Arnett (1997) have considered the risks of conflict between China and Taiwan, of United States intervention and of the likely outcome should conflict arise. Several conclusions can be drawn from their assessments. Firstly, China is only likely to use force if Taiwan declares independence. Secondly, Taiwan has a strong indigenous defence capability and is likely to be able to damage and probably defeat a conventional attack by Chinese forces. Thirdly, the use of force by China against Taiwan would be highly likely to result in the United States, and possibly Japan (Nakai, 2000, p. 87), entering the conflict in support of Taiwan. Entry of the United States, given the current disparity in force capabilities, virtually ensures defeat for China. Finally, China's nuclear deterrent is useful against direct aggression towards China but is unusable in prosecuting forceful reunification and would not prevent US counter-force strikes against Chinese conventional forces given the overwhelming nuclear superiority possessed by the United States. Ross (2002, pp. 80–81) summarises the situation:

The United States can continue to deter China from initiating war in the Taiwan Strait for many decades. In the absence of a Taiwan declaration of independence, China prefers to maintain the status quo and an international environment conducive to economic and military modernization...Confidence in its deterrence capabilities enables the United States to protect Taiwan while developing cooperative relations with China.

Thus, the United States can act as a stabilising force: it can restrain Taiwanese claims of independence whilst making the cost of forced reunification too great for China thus maintaining the status quo and meeting China's critical needs (Nakai, 2000). The United States, however, can also cause destabilisation. The actions of the current Bush Presidency are argued by Ross (2002, pp. 82–83) to be increasing instability through the Theatre Missile Defence program. By placing such systems on Taiwan, Ross argues that China's ability to deter a Taiwanese declaration of independence is reduced and it places United States defence capabilities within what China sees as its territory, a provocative move in China's eyes. Ross (2002, p. 84) suggests that US policy would be better directed towards building relations with China whilst making it clear that it will neither accept forceful reunification nor unilateral declarations of independence.

Conclusions

No single definitive answer is possible to the question of whether the United States' engagement with the Asia-Pacific contributes to peace and stability. The region is broad and contains a diffuse range of issues, some with the potential to cause major conflict, others less likely to do so.

The United States has a long history in the region. Since the 18th century, traders, missionaries, emissaries and military forces have played a role in the region, sometimes minor, sometimes major. The United States has shown a willingness to use force to achieve desired endstates, but as Vietnam has shown, this is not always successful. Furthermore, the Vietnamese intervention extended regional instability beyond what would have occurred had indigenous forces been left to themselves following the French withdrawal. However, there have been successes too: the United States military presence in South Korea has contributed to that nation's development as a relatively prosperous democracy through deterring further conflict from North Korea. Institutions have played a role in regional peace and stability, but in comparison to Europe, their role has been constrained. Indeed, the United States has been the main driver of institutional development, promoting bilateral arrangements with many regional states and to a lesser extent supporting the developing multilateral arrangements. In this regard, the United States has played a stabilising role.

The United States has also promoted stability through encouraging economic liberalisation and the expansion of the global economy throughout the region leading to greater economic interdependence and hence peace and stability. It has played a similar role in suppressing terrorism and piracy, promoting greater international cooperation and action, which again contributes to peace and stability. On the other hand, the US has tended to act unilaterally on both issues leading to regional perceptions of infringed sovereignty and selective pursuit of options beneficial to the US and not necessarily to the region.

The role of the United States in the development of Japan's military capability is also stabilising and destabilising. Its provision of a defence umbrella to Japan has limited Japan's military capabilities and hence mollified concerns held by Japan's World War Two adversaries, particularly China. More recently, however, concern has been raised that the US is encouraging remilitarisation in Japan, which may be aimed at containing other states, notably China. This is potentially highly destabilising.

Relations between China and the United States are a further example of the duality of the contribution by the United States. The economic interdependence between the two is a stabilising factor as each would be hurt by conflict so it is in the interest of both to maintain good relations. Possible actions by the US to promote human rights, encourage Taiwanese independence, restrain Chinese economic growth or contain China militarily can be destabilising to the region and could lead to wide economic damage, arms races or even armed conflict.

The United States' role in the South China Sea has been a stabilising factor. Its neutrality towards the sovereignty claims, commitment to freedom of navigation, improving relations with China, influence with littoral alliance partners and its military capability all contribute to the dispute being increasingly managed through peaceful dialogue, although it would be going too far to argue that the US has been the only or primary cause.

With respect to China–Taiwan issues, the role of the United States is less unequivocal. Historically, the United States has provided a strong stabilising force: it has acted pragmatically to engage with China and contribute to that state's re-engagement with the international community whilst making clear that forced reunification of Taiwan was unacceptable. It also restrained Taiwan from declaring independence. More recently, however, United States actions in proposing to deploy TMD systems to Taiwan are destabilising as they upset the current status quo and are seen by China as internal interference and promoting Taiwanese independence. Conversely, it could also be argued that providing TMD to Taiwan reduces the likelihood of attack by China by reducing its chances of success.

To answer the question posed at the outset, we argue that the United States is both a source of peace and conflict, stability and instability. No other state has the same duality and power. On balance, therefore, US engagement in the Asia–Pacific contributes to stability: without US engagement it is likely that Japan would have remilitarised or the Korean conflict turned hot. Its engagement in these and other issues contributes significantly to stability. This is not without cost: US predominance and a tendency to act unilaterally leads to resentments in the region. Consequently, no other state has the responsibility to use its power wisely, based on understanding the complexity of the region, the nuances of each issue and the importance of accounting for the impact of US actions beyond short-term self-interest.

Endnotes

1. No United States interference in European affairs, recognition of existing European colonies in the Americas, no new European colonies in the Americas and no irredentism (Pendle, 1976, p. 113).
2. The non-ASEAN ARF members are Australia, Canada, China, the European Union, India, Japan, New Zealand, South Korea, North Korea, Mongolia, Russia, the United States, and Papua New Guinea (observer) (Department of Foreign Affairs and Trade [DFAT], 2004a).
3. Compiled from US and South Korean sources and typically denied by North Korea (Nanto, 2003).
4. Enough for five or six more bombs to add to the two it may already have (*The Economist*, 2003).
5. China, Japan, North Korea, Russia, South Korea and the United States.
6. Since the North Korean admission of secret nuclearisation.
7. Comprising China, Japan, North Korea, South Korea, Taiwan and the ASEAN countries.
8. Strictly not a treaty: the US–Taiwan Mutual Defense Treaty was terminated in 1979 following US recognition of China, however under the 1979 Taiwan Relations Act, the US sells military equipment to Taiwan and has acted to defend Taiwan through an informal defence relationship (Department of State, 2003; Ross, 2002; Eland, 2003).

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