



Security and Stability in the Asia-Pacific Region

by William J. Perry (Part 1 of 2)

An earlier version of this article was given as remarks to the Pacific Forum CSIS's Annual Board of Governors Dinner on January 19, 2000 in Hawaii. This appears as the first in a two part series.

The century we are leaving behind was a remarkable century – full of triumphs – and full of tragedies. The tragedies included the two most destructive wars in history, as well as a cold war. Indeed, if deterrence had not worked, the Cold War could have led to the supreme tragedy – a nuclear holocaust that ended civilization. But the triumph was that deterrence did work, and we did survive the Cold War.

The century also saw the collapse of many of the great European monarchies and the tragic emergence of fascism and communism. But by the end of the century, democracy was on the rise – surely a hopeful note on which to begin the new century. The twentieth century also gave us the Great Depression – an economic tragedy of unprecedented depth, length, and extent. Indeed, its consequences were so profound that it raised questions about the viability of the free market system. But by the end of the century, market economics was in ascendancy everywhere. It is well established and clearly successful in North America, Western Europe, Japan, and the Tiger countries, and is rapidly evolving in China, South America, and Southeast Asia.

And the century saw unprecedented developments in technology: airplanes and helicopters; missiles and space vehicles; radio and television; computers and the Internet; antibiotics and bioengineering; nuclear fission and nuclear fusion. All of these remarkable developments were a product of the twentieth century. The tragedy was that this technology was used to create weapons of unprecedented destructive power. To date we have avoided the widespread use of these weapons, which is a qualified triumph. But the unqualified triumph of technology is that it has created vast amounts of new wealth, thereby fueling the economic engine that has brought an unprecedented prosperity to much of the world. And there is much more to come – the computer and semiconductor revolutions still have a full head of steam. And the remarkable and explosive growth we have seen these past few years in the Internet is only the tip of an iceberg. Even though the Internet is the subject of extravagant investments and much hype, it is unlikely that we are overestimating the transforming power of the information revolution it is spearheading. Five hundred years after the information revolution brought on by the introduction of the printing press, we truly have started a new information revolution. And no one yet fully grasps just how profound the economic, social, and political consequences of the new information age that we are now entering will be.

These ideas paint a very broad canvas of the triumphs and tragedies of the twentieth century, as well as the challenges and opportunities of the coming century. Now I want to zoom in on specific aspects of that canvas, such as the security and stability issues that we will face in the first decade of the new century. Specifically, what role can or should the United States play in maintaining that security, especially in the Asia-Pacific region. For more than two decades the Asia-Pacific region has enjoyed a unique period of security and stability, which made possible unprecedented growth and prosperity. This phenomenon was similar in some ways to the growth and prosperity enjoyed by Western Europe during the 1960s and 1970s. There the security and stability underlying the economic growth were provided by NATO. Today NATO is undergoing a dramatic transformation, with consequences for European stability that are not yet predictable.

In the Asia-Pacific region there is no security institution comparable to NATO; and, in my judgment, that situation is not likely to change. In the absence of such a regional security institution, I believe that security and stability in the Asia-Pacific region have been a consequence of the American security strategy for the region. In particular, for the last two decades, America's security strategy in the Asia-Pacific region has had three components: America's bilateral treaties in the region, attended by a strong forward deployment of military forces; America's engagement with the PRC, based on the "one-China" policy; and America's actions, in conjunction with its allies, to prevent the spread of nuclear weapons in the region.

The good news is that this strategy has worked very well, and the region has prospered. The bad news is that profound events – many of which are not under the control of the United States – are undermining this strategy. Today I will highlight these undermining forces – forces that could lead to conflict in the region.

One undermining force is that the long-lasting prosperity in the region, which has provided the political basis for support of the American strategy, is now under question. The Asian financial crisis that hit many countries in the region brought that question front and center. Most of the countries afflicted by the Asian financial crisis have made at least partial recoveries this past year, but it is now clear to all nations in the region that their financial health can be affected to some degree by the financial mismanagement of their neighbors. The financial crisis only added to the problems that Japan has experienced trying to pull out of the recession it has been in for most of this past decade. And this recession is not just Japan's problem, since Japan plays a critical role as a financial engine for all countries in the region. China was relatively unaffected by the Asian financial crisis, but it appears that, for unrelated reasons, its long-lasting economic boom may be

fading. Real growth in China has been down these past two years, probably more than the official figures indicate. More significantly, the accession of China to the World Trade Organization will inevitably expose the inefficiencies of its state-owned enterprises. The PRC government's attempts to make these enterprises efficient enough to be competitive in world markets will be an enormous undertaking. At best, it will be a wrenching experience; at worst, it could result in vast unemployment, with attendant social and political unrest that could affect the security of the entire region.

Another development that could upset security and stability in the region is that the engagement between the United States and China could revert to confrontation. Today China is rising as an economic, political, and military power in the Pacific. And that has led to areas of confrontation with the United States.

The flashpoint in United States-China relations, of course, is Taiwan. Just how dangerous this flashpoint can be was demonstrated during the 1996 presidential elections in Taiwan when Chinese military forces conducted extensive exercises, apparently with the intention of putting pressure on Taiwan. This pressure culminated in March 1996, a few weeks before the Taiwanese elections, with a series of live missile firings that impacted just a few tens of kilometers from Taiwan. The United States believed that this action violated the "no use of force" aspect of the "one-China" policy, and was a threat to the stability of the entire region. As a consequence, President Clinton authorized me to send two carrier battle groups to the region. This crisis passed with no incident between American and Chinese military forces, and by the end of 1996 engagement was again underway.

Then last year, a whole series of incidents occurred which caused a major setback to engagement. Premier Zhu Rongji, in his visit to Washington, had expected to get an agreement on Chinese membership in the World Trade Organization, but went home empty handed. This clearly reduced the influence of Zhu and his reformist supporters, and, as a consequence, set back engagement, even after the eventual United States agreement. Premier Zhu's visit was followed by the accidental bombing of the Chinese embassy in Belgrade, which Chinese government officials seem to believe was deliberate. During this same period, the U.S. Congress made public a report that accused the Chinese government of conducting a systematic and extensive program to steal military secrets from the United States. Then Taiwan's President Lee Teng-hui stated that the relations between China and Taiwan should be as "two states." Beijing, regarding this as a virtual declaration of independence, responded by cutting off the cross-Straits talks with Taiwan.

Recently, Taiwan conducted another presidential election. This time China did not resort to missile firings, but rather tried intimidation by inflammatory rhetoric, apparently trying to discourage the Taiwanese from electing Chen Shui-bian, the candidate of the Democratic Progressive Party. However, it appears that this rhetoric backfired, since Chen, who was trailing James Soong when this rhetoric started, was elected with a three percent plurality. It is too early to forecast the actions of either the Chinese government or the new

administration in Taiwan, but I fear that the situation could lead to a crisis more dangerous than previous crises.

The People's Liberation Army has stated that its new strategy will be to increase its offensive capability—the ability to project military power. It is not hard to imagine that the motivation for this new strategy is to achieve a credible capability to put military pressure on Taiwan. One consequence of this strategy has been the buildup of Chinese missile forces across the strait from Taiwan. In response to this threat, Taiwan requested that the United States supply it with additional military equipment, including air defense and missile defense systems. The Clinton administration made the right decision, in my view, to agree partially to this request but to defer selling Aegis-equipped destroyers to a later date. China has stated that the deployment of missile defenses would spark an arms race in the region. In fact, it has already begun discussions with Moscow about acquiring some of Russia's strategic capability, including sophisticated penetration aids.

I share the Chinese concern over the deleterious affect of an arms race in the region, but I believe that if an arms race does get underway it will have been stimulated by the extensive deployment of missiles, not the deployment of missile defenses. And I have suggested to the Chinese that the best way to avoid such an arms race is to declare a moratorium on the further deployments of missiles that target Taiwan. However, it is clear that the PRC is not taking this advice. China is, in fact, accelerating the deployment of missiles targeted at Taiwan, which in turn adds to the pressure in the United States to supply missile defenses to Taiwan. Thus there is a potential for a new arms race starting in the Pacific. As a result, I am today more pessimistic about the future of United States-China relations than I have been for several decades.

In part 2, Dr. Perry discusses the how the third element in America's security strategy – to prevent the spread of nuclear weapons – is undergoing change and gives his views of the Korean situation.

William J. Perry is a Professor at Stanford University, with a joint appointment in the Department of Engineering-Economic Systems/Operations Research and the Institute for International Studies. Dr. Perry was the 19th Secretary of Defense for the United States, serving from February 1994 to January 1997. He was also former Deputy Secretary of Defense (1993-1994) and Under Secretary of Defense for Research and Engineering (1977-1981). He is a member of the Board of Trustees of CSIS. This article is reprinted with permission. Unauthorized transmission or further publication is strictly forbidden without the permission of the author.