

**Recalibrating the Consequences of Asia's Rise:
Security Fault Lines and Strategic Challenges in the 21st Century**

**By Chung Min Lee
Professor of International Relations
Yonsei University
April 2015**

Assessing the Strategic Contours of Asia's Rise

The major focus of this essay lies in capturing the key contours of Asia's rise but more importantly, to assess the core clusters of security and political challenges across greater Asia. In more ways than one, Asia is the "department store" of all of the world's most pronounced security challenges given the prevalence of deeply-rooted political-military problems. The list includes but is certainly not limited to great power rivalries, the proliferation of weapons of mass destruction (WMD), the highest concentration of military forces in key hotspots such as the Korean Peninsula, the Taiwan Strait, and Kashmir (between India and Pakistan), wide-ranging political discrepancies ranging from the unparalleled challenges confronting the Chinese Communist Party (CCP) and political futures of Asia's remaining communist states, and the widely divergent clustering of states under various forms of political systems in Southeast Asia including the regression of democracy in Thailand and Burma's on-going transition to a more plural political order but that is still dominated by a military oligarchy. Excluding the introduction, this essay consists of the following sections: (1) a brief overview of major developments in the international system since the end of the Cold War in 1990; (2) a snapshot of great power rivalries across Asia; (3) the proliferation of WMD and key security challenges across Asia; and (4) glimpses into Asian futures and potential ramifications for the broader international system.

A World in Flux and the Magnitude of Asia's Rise

For the past quarter of a century, unprecedented changes in the international system have been the norm rather than exception. The dissolution of the former Soviet Union and concomitant dismemberment of the Warsaw Pact and the unification of Germany resulted in what many then called the "unipolar moment" or when the United States was the at apex of its power. As Charles Krauthammer wrote prosaically in *Foreign Affairs* in the winter of 1990-1991, "the most striking feature of the post-Cold War world is its unipolarity. No doubt, multipolarity will come in time. In perhaps another generation or so there will be greater powers coequal with the United States, and the

world will, in structure, resemble the pre-World War I era. But we are not there yet, nor will we for decades. Now is the unipolar moment.”¹ Other experts such as John Mearsheimer warned about the very real potential for significant perturbations in the international system when he noted in 1990 that “the next forty-five years in Europe are not likely to be so violent as the forty-five years before the Cold War, but they are likely to be substantially more violent than the past forty-five years, the era that we may someday look back upon not as the Cold War but as the Long Peace, in John Lewis Gaddis’s phrase.”² Both gauged the unprecedented fluctuations that were bound to resonate throughout world after the end of the Cold War but one of the most important consequences of the ending of the Cold War was that the principal arena of geostrategic competition was inevitably shifting from the heartland of Europe to the heartland of Asia.

To be sure, the resurgence of Russian irredentism through its annexation of Crimea and military intervention in the Ukrainian civil conflict is suggestive of a potential Cold War 2.0. Moreover, on-going repercussions from the Arab Spring such as the threat from the so-called Islamic State (IS), the brutal civil war in Syria, and massive instability in Libya means that the Middle East North Africa (MENA) region is likely to remain well into the foreseeable future as a highly unstable and geopolitically charged region. The threat posed by Boko Haram—the Nigerian-based Jihadist terrorist group which pledged allegiance to the leader of the IS and has ties with Al Qaeda in the Arabian Peninsula, Al Qaeda in the Islamic Maghreb, and Somalia’s al-Shahab.³ The world is very much in a state of flux and Asia is hardly the only region that is either unstable or harbors key sources of instability. Nevertheless, unlike any other region or major security threat (such as extremist Jihadi terrorist organizations or the IS) the sheer geopolitical and geo-economic weight of Asia’s rise and its attendant security and political challenges are far greater than any of the other major changes that have arisen over the past quarter of a century including the end of the Cold War, the 9/11 attacks and the global war on

¹ Charles Krauthammer, “The Unipolar Moment,” *Foreign Affairs* 70, no. 1 (1990/91): 23-24.

² John J. Mearsheimer, “Why We Will Soon Miss the Cold War,” *The Atlantic Monthly*, August 1990, <https://www.theatlantic.com/past/politics/foreign/mearsh.htm>

³ Mohammed Aly Sergie and Toni Johnson, “Boko Haram: CFR Backgrounders,” Council on Foreign Relations, <http://www.cfr.org/nigeria/boko-haram/p25739>

terrorism, the outbreak and consequences of the Arab Spring, and the eruption of the Crimean and Ukrainian crises.

Great Power Rivalries in 21st Century Asia

Since the outbreak of the Wall Street financial crisis in 2008, significant attention has been paid on two central points: first, that the relative decline in American power and influence as the world's only superpower is likely to be accelerated; and second, that regardless of whether the United States will be able to retain its strategic leverage for quite some time, the post-World War II liberal international order that was largely designed and has been since been maintained through U.S. leadership will eventually be replaced by a more multipolar and significantly less American-centric world order. In October 2014, the IMF reported that by the end of 2014 China's economy will make up 16.48 percent of the world economy in purchasing-power adjusted GDP or \$17.63 trillion while the U.S. economy will make up 16.28 percent of the world economy with a \$17.41 trillion GDP.⁴ In nominal or real GDP terms, however, the United States has a much larger economy of \$17.41 trillion compared to China's \$10.35 trillion which means that it will take longer for the Chinese economy to overtake the U.S. in current GDP prices. However, China surpassed the United States as the world's largest trading power in 2014.

While economic growth forecasts are always imprecise and highly dependent upon assumptions, the late Nobel Laureate in economics Robert Fogel wrote in 2010 that by 2040—or just 25 years from now—China's economy is slated to reach *\$123 trillion* and per capita income will reach \$85,000 and while China's per capita GDP will still be lower than that of the United States', its share of the world economy will be an astounding *40 percent* compared to 14 percent of the United States.⁵ To be sure, there are contrarian perspectives on just how much the Chinese is likely to grow over into mid-century and one of the key unknowns is how China's demographic trends such as rapid aging and labor

⁴ For detailed statistics, see "Report for Selected Countries and Subjects," International Monetary Fund and Mike Bird, "China Just Overtook the US as the World's Largest Economy," *Business Insider*, October 8, 2014, <http://www.businessinsider.com/china-overtakes-us-as-worlds-largest-economy-2014-10>

⁵ Robert Fogel, "\$123,000,000,000,000: China's Estimated Economy by the Year 2040. Be Warned," *Foreign Policy*, no. 177 (January 2010), <http://search.ebscohost.com/login.aspx?direct=true&db=a9h&AN=48445091&site=ehost-live>

distortions stemming from decades of China's one-child policy. Fogel argued that while China also faces critical challenges such as rising income inequality, potential social unrest, territorial disputes and energy and water scarcity, he was fairly confident in the ability of the Chinese government in resolving these issues.

Although the critics have a point, these concerns are no secret to China's leaders; in recent years, Beijing has proven quite adept in tackling problems it has set out to address. Moreover, history seems to be moving in the right direction for China. The most tumultuous local dispute, over Taiwan's sovereignty, now appears to be headed toward a resolution. And at home, the government's increasing sensitivity to public opinion, combined with improving living standards, has resulted in a level of popular confidence in the government that, in my opinion, makes major political instability unlikely.⁶

Following World War II, the U.S. share of the world economy was estimated at nearly 50 percent of the world economy but one has to recall that Europe and Japan were devastated by the Second World War as was the Soviet Union and China was in the midst of a brutal civil war. In essence, notwithstanding the significance of American economic prowess following World War II, it was able to emerge as the world's superpower not only because most of its competitors suffered immense losses from war but the fact that the continental United States was untouched by the six-year global conflict. In this respect, even with all of the problems that confronts China today and over the next two to three decades, the sheer magnitude of China's economic growth 1978 when economic reforms began until today is nothing but astounding. But precisely because of China's accelerated rise over the last four decades, matching military modernization and increasingly robust power projection capabilities, and major security threats such as North Korea's growing nuclear weapons capabilities, the United States has re-emphasized the centrality of the Asia-Pacific to its own strategic interests.

Counterbalancing Chinese Influence

In turn, such a turn of events have spurred China to assume a much more nationalistic and paternalistic stance on the region. Yongnian Zheng has argued that "it is very easy to understand the United States' 'pivot to Asia'. Strengthening the

⁶ Ibid.

relationships between the U.S. and its Asian allies is aimed at China. For the United States, "the enemy of my ally is also my enemy". This explains the U.S.' and its allies' relationships on the China issue."⁷ Zheng also wrote that "the U.S. judgment on China is not based on China's historical or contemporary international behaviors, but on Americans' deep-rooted ideology. Americans believe that a rising great power is bound to challenge the existing power and also wants to impose its own thinking on that country."⁸ Such views may be reflective of China's official stance on the U.S. rebalance to Asia and more generally, on China's growing need to contest U.S. influence in the region. But what China doesn't fully understand, and what is arguably its critical Achilles, heel is that out of fourteen countries that it shares borders with, not one country is an avowed enemy of China, but at the same time, with the sole exception of Pakistan—and not even North Korea—are natural friends of China. As Minxin Pei has noted:

Underlying the "Asia for Asians" trope may be China's belief that the US, not its own behavior, is to blame for its neighbors' defiance. Some Chinese strategists believe that the US is using Asian states, particularly Japan, Vietnam, and the Philippines, as pawns to contain China. If this perspective has prevailed in the internal policy debate, Chinese leaders, including Xi, could have reached the fateful conclusion that, on balance, America's security presence in Asia directly threatens Chinese interests and must be eliminated. That would be a grave strategic error, based on a fundamental misreading of Asian security dynamics. Most of China's neighbors, even North Korea, fear an unconstrained Chinese hegemon – and, if the US security presence were eliminated, that is precisely what they would face. "Asia for Asians" would be "Asia for the Chinese."⁹

In essence, while China's rise has resulted in key dividends for the United States and the rest of Asia, it has also triggered a realignment of great power politics that seeks to maximize economic incentives from a China that is increasingly, if not irreversibly, linked with the global economy but also maximizing their strategic leverage against China. David Twining has written that "in response to China's pressure on the Asian balance of power, Japan, India, and the United States launched an official trilateral strategic grouping in late 2011. They have now agreed to deepen trilateral strategic cooperation,

⁷ Yongnian Zheng, "U.S. Pivot to Asia Strategy and its Mistakes, *Zaobao*, June 1, 2014, http://www.chinausfriendship.com/view.asp?fangshi=pg_main&keyword=pivot+to+asia&Submit=search

⁸ Ibid.

⁹ Minxin Pei, "China's Asia?" December 3, 2014, *Project Syndicate*, <http://www.project-syndicate.org/commentary/asia-for-asians-political-rhetoric-by-minxin-pei-2014-12>

particularly in maritime security.”¹⁰ And he also said that Australian Prime Minister Tony Abbott is much more amenable to the reconstitution of the “Quadrilateral Strategic Partnership” as a countervailing coalition vis-à-vis China.¹¹ Increasingly, the net strategic value of India has been on the rise since given that from the perspective of the United States and Japan, “For both American and Japanese officials, India is the only Asian country with the weight and scale to offset China’s power and influence...but to rise, India needs all the capital, technology, and defense hardware it can get; the United States and Japan are among the most likely external providers of these resources, and have the most compelling stake in India’s success.”¹² It is far too early to suggest that a major “coalition of the willing” or a “coalition of Asian democracies” is coalescing into a de facto grouping to countenance (but critically important, not to contain China since it is impossible to do so), but at the very least, Asian states are internalizing a variety of diplomatic and military options all designed to minimizing frictions stemming from any major spillover of great power rivalries.

Where these transformations will end remains to be seen. Asia is not coalescing into rigid, Cold War-style blocs centered on the United States and China. Rather, regional states operating underneath the strategic competition between Washington and Beijing are creating new realities – not only to hedge against Sino-American conflict, but also to guard against the “new model of great power relations” that President Xi has so often called for, and which would relegate every other nation to an inferior status.¹³

Security Tipping Points

One of the most enduring and dangerous features of Asia’s strategic landscape is that all of the world’s largest and most powerful military forces are either stationed in Asia or have very significant footprints such as the United States including semi-permanent forces that are based in Japan and South Korea. In 2012, Asia overall spent more money on defense than NATO-Europe or the first time that Asia surpassed Europe in defense

¹⁰ David Twinning, “Asia’s New Triple Alliance,” *Foreign Policy*, February 24, 2015, <http://foreignpolicy.com/2015/02/24/asias-emerging-triple-alliance-india-china-japan-modi-obama/>

¹¹ Ibid.

¹² Ibid.

¹³ David Twining, “Asia’s Pivot to Asia,” *Foreign Policy*, December 15, 2015, <http://foreignpolicy.com/2014/12/15/asia-pivot-to-asia-china-north-korea/>

spending. Although the Kremlin's blatant military intervention in the Ukrainian civil war and its annexation of Crimea has increased military tensions in Europe, it is highly unlikely that major European powers such as Germany, France, and the UK are going to increase their defense spending. Indeed, one of the indelible features of European security has been the decline in real defense spending and force modernization since 1990. In 2006, NATO agreed to a voluntary defense spending of 2 percent of GDP including 20 percent of that amount earmarked for research, development, and the acquisition of major equipment.

In 2014, however, the United States was the only member that spent 3.5 percent while Britain, France, and Germany all spent less than 2 percent. In 1990 when the Cold War ended, NATO's 14 member spent \$314 billion on defense in real terms but by 2010, this figure dropped to \$275 billion despite the fact that the Atlantic Alliance has grown by 12 additional member and in 2014, NATO-Europe spent \$250 on defense.¹⁴ As Jens Stoltenberg, the Secretary General of NATO noted in his annual report, "the cuts to defence expenditures, deepened by the financial crisis, diminish the options available to the Alliance and reduce the extent to which Allies equitably share responsibilities."¹⁵ Even with on-going measures to increase NATO defenses such as building a rapid reaction force to counter Russian provocations, there is virtually no political consensus within NATO-Europe to significantly bolster defense spending including major force modernization programs.

According to analysis by SIPRI on global defense spending trends in 2013, drawdown in combat operations in Afghanistan among other factors resulted in a 7.8 percent decline in U.S. defense spending while China's increased by 7.4 percent in real terms and Russia also increased defense spending by 4.8 percent in real terms in 2013. "Russia's spending has risen as it continues to implement the State Armaments Plan for 2011–20, under which it plans to spend 20.7 trillion rubles (\$705 billion) on new and upgraded armaments. The goal is to replace 70 per cent of equipment with 'modern'

¹⁴ "The Secretary General's Annual Report 2014," North Atlantic Treaty Organization, January 30, 2015, http://www.nato.int/cps/en/natohq/opinions_116854.htm

¹⁵ Ibid.

weapons by 2020.”¹⁶ In 2013, defense spending in Asia and Oceania increased by 3.6 percent to top \$407 billion with the lion’s share in East Asia (\$282 billion) or a 4.7 percent increase from 2012 to 2013 and a striking 74 percent cumulative increase from 2004 until 2013.¹⁷ Increased military spending in Asia in means that it is the world’s major high-growth area for defense exports and IHS Janes has estimated that by 2021, annual defense spending by China, India, Indonesia, and other Asian states will rise 35 percent to \$501 billion whereas U.S. defense spending will fall by 28 percent to some \$472 billion over the same period.¹⁸

While it’s impossible to assess in any depth the many reasons behind increases in Asia’s defense spending, some of the more salient features would include the following elements. To begin with, Asia is home to not only the most powerful armed forces in the world, it is also home to three nuclear breakout states based in two of the most dangerous zones in the Asia: the Korean Peninsula and South Asia. North Korea has tested nuclear weapons three times (October 2006, May 2009, and February 2013) and it is on its way of acquiring the ability to miniaturize nuclear warheads.

In December 2014, the South Korean Ministry of National Defense published its 2014 *White Paper* and noted the following points for the first time: (1) the ROK noted for the first time that North Korea had “nuclear weapons” rather than “nuclear devices” so that while the technical term “Nuclear Weapon State” (NWS) doesn’t apply to North Korea since the term NWS only refers to those states who had declared nuclear weapons at the time of the signing of the NPT, one could argue that North Korea today is a de facto NWS; (2) the MND assessed that North Korea had made “considerable” technical progress towards miniaturizing nuclear warheads for ballistic missile deliveries and that North Korea’s long-range ballistic missiles could threaten the U.S. mainland; and (3) North Korea has some 6,000 cyber-warfare personnel under its command.¹⁹ The second

¹⁶ Sam Perlo-Freeman and Carina Slmirano, “Trends in World Military Expenditure, 2013,” *SIPRI Fact Sheet*, April 2014, 2.

¹⁷ *Ibid*, 5.

¹⁸ Shaun Waterman, “Aggressive Asian Military Spending Driving Global ‘Arms Explosion,’” *The Washington Times*, June 25, 2015, <http://www.washingtontimes.com/news/2013/jun/25/aggressive-asian-military-spending-driving-global-/>

¹⁹ “South Korea 2014 Defense White Paper Highlights DPRK Nuclear Threats,” Korea Chair Snapshot, January 6, 2015,

key source of concern is the Indo-Pakistani nuclear standoff whereby as at 2013, India was presumed to have some 110 nuclear warheads compared to Pakistan's 120 or significant increases when they conducted full-fledged underground nuclear tests in 1998.²⁰ The problem is compounded by very real concerns relating to Islamabad's ability to control Pakistan's nuclear arsenal given the prominence of fundamentalist forces within its armed forces and the constant threat flowing from militant terrorism in Pakistan.

Last but not least, growing geopolitical tensions in the South China Seas between China and key Southeast Asian nations such as Vietnam, Indonesia, and the Philippines in addition to rising naval competition between China and India in the Indian Ocean illustrates the growing prominence of maritime security issues in the emerging Asian strategic balance. So long as the United States remains as the dominant naval power in the broader Indo-Pacific, China won't be able to directly contest U.S. naval supremacy but its accelerated defense modernization programs including A2/AD (Anti-Access, Area Denial) capabilities suggests that the PLA Navy is poised to become the single biggest challenge to U.S. naval dominance into the 2020s and beyond. In sum, not only is China competing with the United States, all of the other strategically consequential states of Asia including Japan, India and South Korea—the three countries with the largest armed forces excluding China and the United States—are all in the midst of enhancing their power projection capabilities but particularly naval assets given the growing prominence of Chinese naval power in the region.

Future Glimpses and Strategic Implications

There is no doubt that Asia's rise is real and that it will continue well into mid-century. Even with a robust U.S. military presence in Asia and the increasing military capabilities of its key allies and partners in the region, the fact remains that China's growing military capabilities cannot but have profound ramifications for Asia's emerging

http://csis.org/files/publication/150106_Snapshot_South_Korea_2014_Defense_White_Paper_Highlights_DPRK_Nuclear_Threats.pdf

²⁰ Hans M. Kristensen and Robert S. Norris, "Global Nuclear Forces Inventories, 1945-2013," *Bulletin of Atomic Scientists* 69, no. 5 (2013): 78.

strategic balance. To be sure, China also confronts a range of unprecedented domestic challenges including assuring sustained one-party rule by the CCP while maintaining a free market system, endemic corruption at all levels of the CCP and governments as evinced by Chinese President Xi Jinping's on-going crackdown on corruption, the immense implications of a gradual slowing down of the Chinese economy including higher unemployment rates, growing income disparities between the rural and urban sectors, and rising social unrest, and the fact that its rapid rise (both economic and military) has resulted not only in unparalleled opportunities but also heightened anxieties across Asia.

It is under this particular milieu that Asia has to grapple with outstanding security challenges in the remaining years of the present decade and well into the 2020s and beyond. As noted above, regardless of the many hurdles that the Chinese economy faces, the Chinese economy as measured by PPP GDP surpassed the United States as the world's largest economy at the end of 2014 although in nominal GDP terms the U.S. economy still remains as the world's largest and the U.S. as well as other advanced economies in the EU and Asia will continue to have higher per capita GDP. Although it's difficult to forecast with any real accuracy Asian trajectories into the 2030s and 2040s, the strategic rivalry between the United States and China is likely to continue together with Asia's growing investment in military modernization. At the same time, how key political transitions occur such as possible regime change and systemic failure in North Korea cannot but influence the shaping of security and economic dynamics on the Korean Peninsula, and by extension, Northeast Asia.

How the Sino-Indian relationship evolves over the next two to three decades will also have profound implications for the Indo-Pakistani rivalry given that the power disparity between India and Pakistan is accelerating which could compel Pakistan to assume more aggressive and dangerous policies towards India. From India's perspective, there is every reason to believe that China's longer term ambition lies in projecting naval power across the Indian Ocean which would be anathema to India's core strategic interests since it has long believed in its own supremacy in the Indian Ocean and in South Asia as the dominant political and military power. While it is undeniable that China's remarkable economic transformation over the past four decades have resulted in

immense benefits to Asia and the world (not to speak of for the Chinese people) and China's growing institutional and even normative ties with the international system provides greater incentives for China not to disrupt the benefits from the current system, there is also little doubt that as China's comprehensive capabilities, it will want to exercise greater influence in the shaping of the global order as evinced by its recent success with expanding membership in the AIIB (Asia Infrastructure Investment Bank).

Many have argued that Europe's fundamental security dilemma that ended with the collapse of the Soviet Union in 1990 has the possibility of being revived under Vladimir Putin's much more aggressive foreign and defense policies. But if one takes into consideration Russia's long-term negative demographic drivers, the economy's over-dependence on oil and energy exports, and endemic corruption in a hybrid and distorted market economy led by the oligarchs, Moscow's ability to maintain an aggressive stance towards the EU and the West isn't sustainable. And much more importantly, despite the fact that the Sino-Russian entente is currently maintaining a "united front" against the United States and the West more broadly, the growing power disparity between Beijing and Moscow has already reached the point where whilst Russia can ill-afford not to align itself with China, it is not necessarily the case vice versa. As a result, in more ways than one, not only has the economic and security stages shifted towards Asia, the strategically consequential powers of Asia have to contend directly with a very different security template than the one which it has been used to over the past half century. Asia is very far from overcoming endemic and deeply embedded historical disputes, territorial disputes, political mistrust, and strategic rivalries, even if it has managed to successfully transform the region as the world's most dynamic economic powerhouse over the last five decades.