

---

## **A CONSPICUOUS ABSENCE: BALANCE OF POWER POLITICS IN EAST ASIA AND THEIR CHALLENGE TO INTERNATIONAL RELATIONS THEORY**

*Benjamin S. Knight*

University of California, Berkeley

---

*In this paper I examine two possible structural explanations as to why East Asia is not balancing China as neo-realist theory predicts. I begin by examining security trends in East Asia to confirm that balancing behavior is in fact, conspicuously absent. Having substantiated the paper's underlying assumption, I then explore two possible explanations that are grounded in the distribution of geopolitical power in East Asia: (A) The U.S. military presence ameliorates balancing behavior that would normally occur, and (B) East Asia is structurally unable to balance China because the difference in national power between China and East Asia is insurmountable. In order to empirically assess the validity of these two explanations, I examine both defense spending, as well as national power as measured by the Geometric Indicators of National Capabilities (GINC) metric proposed by Kadera and Sorokin. Neither of these two explanations fit the geopolitical realities of East Asia today. The evidence suggests the lack of any relationship between U.S. security commitments and defense spending among East Asian states. Likewise, even in a scenario of suboptimal balancing (oppositional dyads of states existing within the balancing coalition), East Asia is fully capable of balancing China so long as an external balancer (U.S. or India) participates. Having cast doubt on the validity of the two most common structural explanations for the absence of balancing behavior in East Asia, I suggest alternate explanations and argue the need for additional empirical work if we are to conclusively ascertain the applicability of balance of power theory in East Asia.*

## Introduction

Relative to the Cold War era, the rise of China has provoked little in the way of classic balancing behavior among East Asian states. Some international relations (IR) scholars interpret this conspicuous absence as presenting a challenge to the claimed universality of balance of power politics.<sup>1</sup> Others have employed terms such as “soft balancing” to argue that the realist tradition remains applicable, albeit in a more subtle form.<sup>2</sup> Whether balancing is nonexistent or simply “soft,” the relative peacefulness of China’s rise demands an explanation from the custodians of realist IR theory.<sup>3</sup>

Neo-realists typically invoke two structural-level explanations to account for the lack of balancing in East Asia today. One explanation is that US military influence within the region obviates the need to balance. The alternate justification is that China’s national strength within the regional system is too great for the rest of East Asia to resist.

This paper empirically assesses these two accounts. First, by surveying the defense spending of US allies versus unallied states, this paper discredits the notion that US military presence constitutes a distortive influence within the regional balance of power politics. Second, tabulating the Geometric Index of National Capability (GINC) scores of regional actors reveals that the second theory, which states that China is too large to balance against, is unfounded. To conclude, the diminishment or elimination of these two theories leaves the conundrum of non-balancing East Asia intact, opening the door for possible normative explanations<sup>4</sup> or the application of balance of threat theory.<sup>5</sup>

## Is East Asia Balancing China Today?

While much has been said of the US’s “pivot toward the Asia-Pacific,”<sup>6</sup> an assessment based on tangible capabilities reveals the answer to the above question as being “no.” China has quintupled its military spending since the mid-1990s, while two of China’s potential adversaries, Taiwan and Japan, have decreased their military spending relative to a decade ago. Of the fifteen East Asian state actors surveyed below, the only countries to show a marked increase in defense appropriations are South Korea and Australia. However, these increases are likely due to North Korea, the 2002 Bali bombings and Australia’s subsequent participation in the US-led “War on Terror.” All told, East Asia has yet to see a concerted attempt to balance China’s increasing military advantage.

Before examining the theories of why this might be, it is necessary to establish the alignment of East Asian states, not just in terms of their relationship towards China, but also in terms of their dealing with each another. The ensuing state-by-state examination provides multiple reasons why, at the unit level, states may opt not to balance against China. Some actors, such as North Korea or (until recently) Burma, are internationally isolated, and are largely dependent upon China’s support. Other actors have sizable populations of ethnic Chinese, and so may be less likely to view China as a threat. Yet other states, while ambivalent towards China,

1 David Kang, *China Rising: Peace, Power, and Order in East Asia* (New York: Columbia University Press, 2007).

2 Kai He and Huiyun Feng, "If Not Soft Balancing, Then What? Reconsidering Soft Balancing and U.S. Policy Toward China," *Security Studies* 2, (2008): 363-395.

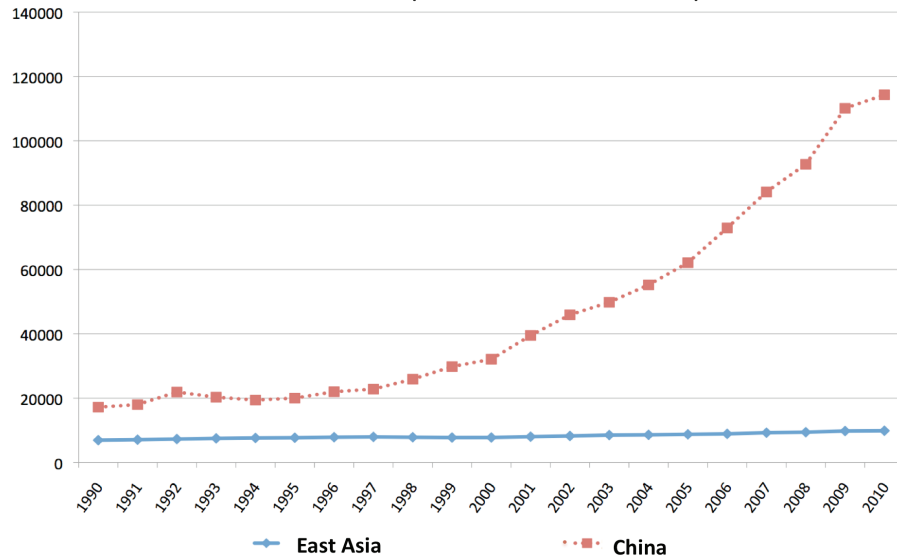
3 Kenneth Waltz, *Theory of International Politics* (New York: McGraw-Hill, 1979).

4 Alexander Wendt, *Social Theory of International Politics* (New York: Cambridge University Press, 1999).

5 Stephen M. Walt, “Alliance Formation and the Balance of World Power,” *International Security* 4, (1985): 3-43.

6 Department of Defense, “Sustaining U.S. Global Leadership: Priorities for the 21st Century Defense” (Washington D.C., 2012)

**Defense Spending in East Asia: China Vs. Regional Average\* (1990-2010)**  
In Millions of U.S. \$ (Held Constant to 2009 Prices)



\*Regional average is derived from North Korea, South Korea, Japan, Taiwan, Vietnam, Laos, Burma, the Philippines, Thailand, Cambodia, Malaysia, Singapore, Indonesia, and Australia

Source: Stockholm International Peace Research Institute (SIPRI)

have more immediate security concerns and thus are precluded from balancing. In many cases, a state may simply lack the prerequisite resources. The next section explores these constraints in greater detail, specifically with an eye to exploring antagonistic bilateral relationships (oppositional dyads) that might prevent a state's participation in any anti-China coalition.

### Northeast Asia

Within the Western Pacific, balancing behavior is most likely to occur in Northeast Asia. Taiwan remains to be committed to preventing forceful reunification, and balancing against Mainland China with the US represents its sole feasible option. However, with the exception of Taiwan, efforts at balancing in Northeast Asia are primarily in response to North Korea, not China. As previously discussed, this past decade has seen South Korea significantly increasing its defense appropriations. Given the magnitude of the potential threat North Korea

poses, it is Pyongyang, not Beijing, that is the focus of Seoul's defense planning.

In addition to bolstering its defense budget, South Korea has annually conducted strategic dialogue with Japan in regards to the DPRK, since Kim Jong-Il launched a Taepodong-1 across Japanese airspace in 1998.<sup>7</sup> Antagonistic historic precedent has not prevented The Global Times from interpreting former Prime Minister Naoto Kan's outreach to Seoul as the beginning of a Japan-ROK alliance.<sup>8</sup> Those who argue the existence of such alliance may point to the current negotiations between Tokyo and Seoul over the possible signing of an Acquisition and Cross-Servicing Agreement (ACSA). According to the Japanese Ministry of Foreign Affairs (MOFA):

[...] this agreement sets forth a framework for the reciprocal provision of supplies and services for such activities as: exercises and training, UN peace keeping operations, humanitarian relief operations, operations to cope with large scale disasters, transportation of nationals and others in overseas exigencies, or other routine activities.<sup>9</sup>

Such agreement would deepen the South Korea-Japan defense relationship to an unprecedented level. However, a close examination of the ACSA that Japan already signed with Australia reveals that in any China-related contingency, the utility of any agreement as such would be limited. Transferring armaments and ammunition between ACSA signatories is explicitly forbidden, as doing so would constitute a violation of Article nine of the Japanese constitution. Thus, any hypothetical ACSA between Japan and South Korea is only likely to come into play for the purposes of humanitarian intervention.

The pacifist nature of the proposed ACSA with Japan provides a strong evidence that South Korea harbors no intentions to balance China, while the

7 As one ROK Foreign Ministry official put it, "It is inappropriate for us to shun security talks with Japan, when Tokyo is talking with Washington on security cooperation on the Korean peninsula." Hahnkyu Park, "Between Caution and Cooperation: The ROK-Japan Security Relationship in the Post-Cold War Period," *Korean Journal of Defense Analysis* 1, (1998): 102.

8 "Be Careful of Japan - S. Korea Alliance," *Global Times*, August 24, 2010, <http://www.global-times.cn/opinion/editorial/2010-08/566474.html> (accessed October 9, 2011).

9 Japanese Ministry of Foreign Affairs, "Agreement Between the Government of Japan and the Government of Australia Concerning Reciprocal Provision of Supplies and Services Between the Self-Defense Forces of Japan and the Australian Defence Force of May 19, 2010," <http://www.mofa.go.jp/region/asia-paci/australia/pdfs/agree1005.pdf> (accessed December 27, 2011).

perennial threat from the north of the Thirty-eighth Parallel will likely ensure that such inclinations remain a distant priority. In fact, South Korea has been rather forthcoming in its discussions with US officials in delimiting the scope of the US–ROK Alliance to the Korean Peninsula.<sup>10</sup> Taken together, the lack of balancing behavior on the part of South Korea, Pyongyang’s own amity with Beijing and the declining defense budgets of Japan and Taiwan,<sup>11</sup> show that any sort of anti-China balancing behavior has yet to appear within Northeast Asia.

### Mainland Southeast Asia

Like Northeast Asia, Southeast Asia lacks any semblance of anti-China balancing. Simple resource constraints are a primary factor, and both Laos and Cambodia lack the prerequisite capabilities to contribute meaningfully to any balancing initiative. Moreover, Cambodia is enmeshed in its ongoing territorial dispute over the Preah Vihear Temple, meaning that its primary concern is Thailand, not China. Thailand itself is more militarily capable, but is likewise preoccupied with territorial disputes with both Cambodia and Burma. Furthermore, while Thailand remains an American ally, it has shown greater interest in using China to curtail US influence rather than vice versa.<sup>12</sup> While Burma has increased its defense spending in recent years, the country’s military enjoys a close relationship with Beijing.<sup>13</sup> Like Cambodia, Burma maintains an uneasy relationship with Thailand – one that is frequently marred by border disputes and antagonism over Burmese human rights violations.<sup>14</sup>

Within Indochina, the actor with the greatest incentive to balance China is Vietnam. Contemporary maritime disputes over the South China Sea repre-

sent only the most recent manifestation of a historic antagonism – one that cost over 50,000 lives during the brief 1979 Sino-Vietnamese War, and an additional 40 fatalities during the Johnson South Reef Skirmish of 1988. Anti-Chinese nationalist sentiment remains pervasive in Vietnam today.<sup>15</sup> Meanwhile, the Chinese media has clamored loudly over Vietnam’s most recent overtures to India concerning the possible development of the energy resources in the South China Sea, opining, “China may consider taking actions to show its stance and prevent more reckless attempts in confronting China.”<sup>16</sup>

The relatively mundane topic of oil exploration belies the significant implications of Vietnamese-Indian cooperation that has the Chinese media so incensed. Southeast Asia represents a unipolar regional system with China as hegemon. Indian influence thus has the potential to alter the balance of power in the region in a manner detrimental to China’s interests. As noted by *The Economist*, Vietnamese President Truong Tan Sang’s visit to India in October 2011, his talk of the two countries’ “strategic partnership” and his desire for a “security dialogue” have all stoked speculation in China that India is considering selling BrahMos, supersonic cruise missiles, to Vietnam.<sup>17</sup>

Despite such conjecture, evidence of Vietnam’s intent to balance against China with India remains scant. “Security dialogue” between the armed forces of India and Vietnam might raise eyebrows in Beijing, but the two militaries have yet to see any substantive cooperation. Most significantly, China is both countries’ main trade partner. Given the degree to which Vietnam’s economy is dependent upon China, Hanoi has strong incentive to refrain from provoking China unnecessarily. Rather, Vietnam may as well keep the threat of cooperation with India as a potential recourse against Chinese unilateralism. All told, evidence suggests that the talk of Vietnam balancing with India against China will remain purely hypothetical for the foreseeable future.

10 Interview with Republic of Korea Lieutenant Commander (Navy), August 11, 2011; Interview with United States Lieutenant Commander (Navy Reserve) & Defense Contractor living in South Korea, October 28, 2011.

11 Taiwan’s military spending comprises some 2.2 percent of its GDP, but this amount has been declining since 2009. When adjusted for inflation, Japan’s defense spending has been downward trending since 2003. Stockholm International Peace Research Institute, “SIPRI Military Expenditure Database 2011” (Signalistgatan, Sweden, 2011). <http://milexdata.sipri.org>.

12 Bruce Vaughn, “U.S. Strategic and Defense Relationships in the Asia-Pacific Region” (a special report prepared at the request of the Congress, Washington D.C.: Congressional Research Service), <http://www.fas.org/sgp/crs/row/RL33821.pdf>. (accessed November 11, 2011).

13 “Myanmar Allocates 1/4 of New Budget to Military,” *Business Week*, March 1, 2011, <http://www.businessweek.com/ap/financialnews/D9LMDOS01.htm>. (accessed October 15, 2011).

14 Rosalie Smith and Francis Wade, “Thai-Burma Relations Under ‘Unprecedented Strain,’” *Democratic Voice of Burma*, June 12, 2009, <http://burmanewscasts.blogspot.com/2009/06/thai-burma-relations-under.html> (accessed October 15, 2011).

15 Parameswaran Ponnudurai, “Protests Raise Freedom Prospects,” *Radio Free Asia*, August 27, 2011, <http://www.rfa.org/english/east-asia-beat/protests-08272011024916.html> (accessed October 15, 2011).

16 “India-Vietnam joint work must be halted,” *Global Times*, October 14, 2011, <http://www.global-times.cn/NEWS/tabid/99/ID/679263/India-Vietnam-joint-work-must-be-halted.aspx> (accessed November 20, 2011).

17 “Banyan: Not as Close as Lips and Teeth - China Should Not Fear India’s Growing Friendship with Vietnam,” *The Economist*, October 22, 2011, <http://www.economist.com/node/21533397> (accessed December 1, 2011).

## Maritime Southeast Asia & Oceania

The final sub-region to be examined consists of Malaysia, Singapore, Indonesia, Australia, and the Philippines. Malaysia's strong trade ties with China, as well as the country's significant ethnic Chinese population (approximately 23 percent) help ensure that Malaysia sees scant reason to engage in balancing behavior against China.<sup>18</sup> The consistency of Malaysia's military expenditures in the past decade – approximately two percent of GDP versus 4.3 percent for China — further supports the premise that Malaysia has little to no interest in balancing.

One of Malaysia's most salient security partners is Singapore, both countries being members of the Five Power Defense Arrangements (FPDA). In recent years, Singapore has signed a host of defense agreements with regional partners. Such agreements include Taiwan's hosting of Singaporean troops since the 1970s,<sup>19</sup> India's leasing of Kalaikunda airbase in West Bengal to train Singaporean F-16s,<sup>20</sup> and Australia's multiple five-year contracts to permit Singapore's Armed Forces at Shoalwater Bay Training Area.<sup>21</sup> However, these agreements are a consequence of Singapore's inability to furnish its armed forces with sufficient space to train, and are benign in nature. Given that Singapore makes no claim in the South China Sea dispute, Singapore has no obvious incentive to balance China. Even the hosting of US warships at Changi Naval Base represents a quid-pro-quo arrangement by which the Singapore Air Force is allowed to train at Luke Air Force Base. With defense spending relative to GDP falling from 5.4 percent in 1999 to 4.3 percent a decade later, Singapore has yet to display any indication of seeking to balance China's rise.

Singapore also enjoys good relations with Indonesia. In 2007, Singa-

pore committed itself to an extradition treaty with Indonesia in exchange for Indonesia's offering to permit Singaporean Armed forces to train on Sumatra.<sup>22</sup> However, Singapore's amicable relations with China may be a potential hindrance to its warming relations with Indonesia. Indonesia has had challenging relations with China since the mid-1960s, and with 74.2 percent of Singapore's population being comprised of ethnic Chinese, Indonesia views the city-state as a vehicle of Chinese influence. It is likely for this reason that Singapore has so far refrained from accepting China's offer to allow Singaporean Armed Forces to train on Hainan Island instead of Taiwan, lest Singapore confirm Indonesia's misgivings.

Indonesia's wariness towards China largely centers on China's presumed involvement in the Indonesian Communist Party's failed coup of September 30, 1965. As evident during the anti-Chinese riots of 1998, an element of racism may also be at work. However, more pressing for Indonesia than concerns regarding China is the more immediate issue of Indonesia's own territorial integrity. The creation of the Democratic Republic of Timor-Leste epitomizes the difficulties faced by the Indonesian government (and armed forces) in maintaining effective control over 8 million people spread over 13,000 islands.<sup>23</sup> On the international front, relations with Malaysia, while much improved since the days of the Konfrontasi, still suffer from unresolved territorial disputes. Foremost of these is Ambalat territory within the Celebes Sea — a patch of maritime territory that by some estimates may contain up to 764 million barrels of oil.<sup>23</sup> Of the Indonesian Navy Eastern Fleet Command's thirty capital combat ships, seven are kept on active notice in the vicinity of Ambalat.<sup>24</sup> Given proximity, history, and the ongoing antagonism just described, it is little wonder that Indonesian security strategy is primarily focused on Malaysia, not China.

Aside from Vietnam, the country most likely to seek to balance China is the Philippines. The two countries have experienced territorial disputes over Johnson South Reef in 1988, Mischief Reef in 1999, and most recently Scar-

18 Zarinah, Mahari, "Demographic Transition in Malaysia: The Changing Roles of Women" (a special report by the Demographic Statistics Division, Department of Statistics, Putrajaya, Malaysia, 2011), [http://www.cwsc2011.gov.in/papers/demographic\\_transitions/Paper\\_1.pdf](http://www.cwsc2011.gov.in/papers/demographic_transitions/Paper_1.pdf) (accessed November 10, 2011).

19 Barry Wain, "A David-and-Goliath Tussle China and Singapore Are Embroiled in an Unexpected Row over Taiwan. The Confrontation Could Affect the Way other Asian Countries See China," *Far Eastern Economic Review*, August 5, 2004. <http://www.singapore-window.org/sw04/040805fe.htm> (accessed October 28, 2011).

20 "After Kalaikunda, Singapore to Train at Indian Army Firing Ranges," *The Indian Express*, August 13, 2008. <http://www.indianexpress.com/news/After-Kalaikunda,-Singapore-to-train-at-Indian-Army-firing-ranges/348181/> (accessed October 15, 2011).

21 United Nations, "Australia and Singapore Agreement Concerning the Use of Shoalwater Bay Training Area and the Associated Use of Storage Facilities in Australia" 1889, no. 32145 (1995): 1-32145. [http://untreaty.un.org/unts/120001\\_144071/17/6/00014055.pdf](http://untreaty.un.org/unts/120001_144071/17/6/00014055.pdf) (accessed November 2, 2011).

22 Donald Greenlees, "Indonesia and Singapore Sign Two Landmark Treaties," *The New York Times*, April 27, 2007. <http://www.nytimes.com/2007/04/27/world/asia/27iht-indo.3.5474698.html> (accessed October 15, 2011).

23 Ali Nur Yasin and Sorta Tobing, "Ambalat's Huge Oil and Gas Reserves," *Tempo Interaktif*, June 2, 2009. <http://www.tempo.co.id/hg/nasional/2009/06/02/brk,20090602-179380,uk.html> (accessed November 15, 2011).

24 Amir Tejo, "Navy Was Set To Fire on Warship," *Jakarta Globe*, June 4, 2009. <http://www.thejakartaglobe.com/home/navy-was-set-to-fire-on-warship/277953> (accessed October 18, 2011).

borough Shoal in 2012.<sup>25</sup> Like India's relationship with Vietnam, US defense cooperation with the Philippines against China represents more the potential for balancing behavior, than the cultivation of actual hard capabilities. This is primarily because (A) the Philippines' Navy lacks capabilities that are modern and credible enough to threaten China, and (B) the US has so far refrained from providing these capabilities. A case in point is the fact that the Philippines' most capable warship, the BRP Gregorio del Pilar (PF-15), is 47 years old. Given these constraints, it is difficult to argue that the Philippines is prepared to actively balance China. Thus, while China may criticize the Philippines' annual naval exercises with the US, for the time being, such exercises can at best be described as a symbolic gesture.<sup>26</sup>

Lastly, Australia's security linkages with Japan, Malaysia and Singapore, as well as its deep trade ties to the region, necessitate its inclusion in any discussion of East Asian security dynamics. The over \$80 billion in trade between Australia and China is indicative of an amicable and mutually beneficial relationship. Although the Bush-Koizumi-Howard consensus during the years 2001-2008 certainly accelerated military cooperation between Japan and Australia, such efforts have not been directed at China. To recall, the Japanese-Australian Acquisition and Cross-Servicing Agreement is pacifist in nature. Thus, with the possible exception of Australia's hosting of a Japanese satellite monitoring facility, defense cooperation between these two states have yet to enhance the tangible capabilities that would come into play in any China-related contingency.<sup>27</sup>

## Conclusion

The defense agreements and growing budget allocations described above are products of East Asian states' expanding security cooperation, as well as general economic growth within the region. However, these trends fail to constitute

<sup>25</sup> Teresa Cerojano, "3 of 8 Chinese Fishing Boats Leave Disputed Shoal," *The Associated Press*, April 13, 2012.

<sup>26</sup> "US Has No Stomach for South China Sea Military Clash," *Global Times*, October 30, 2011, <http://www.globaltimes.cn/NEWS/tabid/99/ID/681576/US-has-no-stomach-for-South-China-Sea-military-clash.aspx> (accessed October 13, 2011).

<sup>27</sup> Richard Tanter, "The New Security Architecture: Binding Japan and Australia, Containing China," *Nautilus Institute at Royal Melbourne Institute of Technology, Austral Peace and Security Network*, March 15, 2007. <http://www.nautilus.org/publications/essays/apsnet/policy-forum/2007/0707atanter.html> (accessed October 21, 2011).

as formal balancing. In order for balancing to be effective, the joint capabilities must be at the approximate level of the state to be balanced. The developments that most closely resemble balancing within the region — the ACSA signed between Japan and Australia and the proposed ACSA between Japan and South Korea — achieve little in fulfilling this basic requirement. As to why balancing is not taking place, we have encountered multiple rationales at work at the unit level. Some actors, North Korea and Burma for instance, are beneficiaries of Chinese patronage. For other states such as the Philippines, the relatively small size of their economies and their limited resources may preclude effective balancing behavior. Some states possess populations that consist of ethnic Chinese and/or extensive trade ties with China. Finally, there are those states that would likely attempt balancing behavior if not for the existence of perceived threats closer to home. If one's goal is to understand the policies of an individual state, then each of the rationales just described must be taken into account. However, the subject of inquiry is East Asia and the regional system as a whole. Thus, the next section shifts away from discussing unit-level justifications for the absence of balancing in East Asia and explores possible explanations at the level of structure.

## PART II: WHY THE CONSPICUOUS ABSENCE?

This section examines two structural-level explanations commonly invoked by neo-realists as to why East Asia has thus far refrained from any genuine attempt to balance China.

### EXPLANATION 1:

The US Presence Makes it Unnecessary to Balance China

### EXPLANATION 2:

East Asia is Structurally Unable to Balance China

After empirically examining each of these two explanations, I conclude that neither theory fits the available evidence. Accordingly, neo-realists must take greater pains to substantiate their assumptions regarding the applicability of balance of power theory in East Asia.

### Does the US Presence Obviate the Need to Balance China?

Many scholars and actors (including US Pacific Command) typically assume that the US maintains a stabilizing effect on East Asia. Another way of phrasing this is to argue that the presence of an external balancer lessens or prevents balancing behavior that would have otherwise emerged in response to the rise of a local hegemon. One way of assessing the validity of this assertion is to compare states that benefit from the US military presence to those that do not.

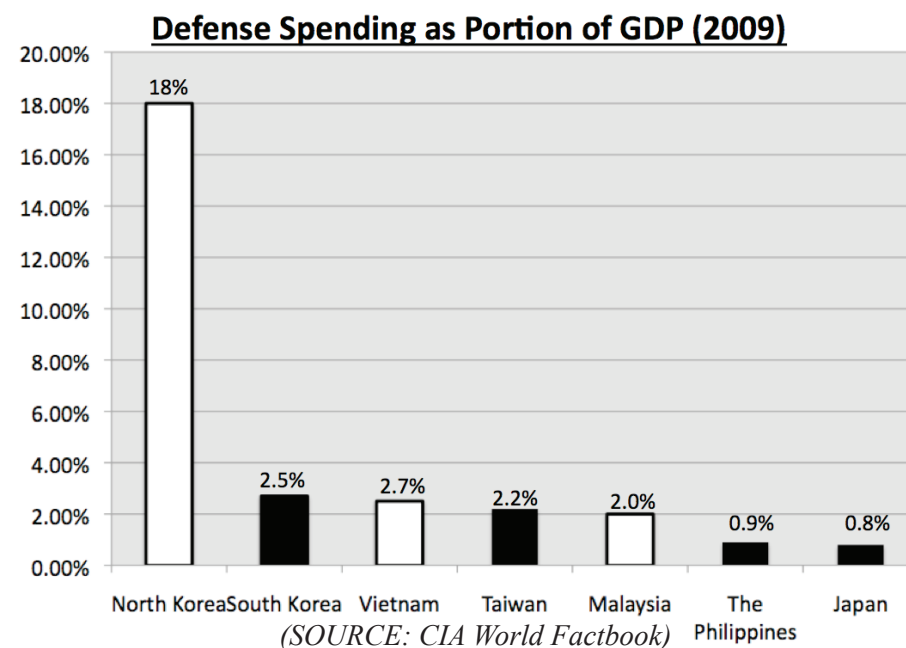
**HYPOTHESIS:** States that are not allied to an external balancer perceive themselves to be less secure than allied states that enjoy such protection. Because of this, non-allied states will tend to spend greater resources on defense than allied states.

In this instance, the key variable of interest is the US alliance system. In *China Rising: Peace, Power, and Order in East Asia*, David Kang identifies seven states that exemplify the allied/non-allied gradient that governs security policy in East Asia. From most closely affiliated with the US to least, these seven states are Taiwan, Japan, South Korea, the Philippines, Vietnam, Malaysia and North Korea.<sup>28</sup> If the hypothesis is correct, then we should anticipate that those states outside the US alliance system (North Korea, Vietnam and Malaysia) should have higher defense spending than those with a security guarantee from the US (Japan, South Korea, Taiwan and the Philippines).

**PREDICTION:** Vietnam, Malaysia and North Korea will display higher levels of defense spending relative to those states allied with the US.

The data used here is primarily from the CIA World Factbook,<sup>29</sup> the World Bank and the Stockholm International Peace Research Institute (SIPRI).<sup>30</sup> Defense spending is based on fiscal year 2009. The results are shown below in terms of the percentage of GDP dedicated to military spending (US allies are designated

in black).



Of the seven countries surveyed, only two allied countries, Japan and the Philippines, rank in the order predicted by the hypothesis. These results indicate that South Korea feels less secure than Vietnam or Malaysia, despite the presence of 28,000 US troops in its territory. Meanwhile, the presence of 35,000 US troops based out of Japan has contributed to Tokyo's willingness to make incremental cuts (in real terms) to its defense budget throughout the past decade. All told, there appears to be no relationship between the extent to which US defense capabilities are forward deployed and the defense appropriations of the host country. The number of US forces devoted to the Philippines constitutes a tiny fraction of those deployed to South Korea, but the Philippines seems to feel perfectly comfortable dedicating only 0.9 percent of its economic activity to defense — roughly a third of what South Korea spends relative to the size of its economy.

Many academics, military planners and politicians take for granted as

28 Kang, *China Rising*, 55.

29 Central Intelligence Agency, *World Factbook* (Washington, DC, 2000-2010).

30 Stockholm International Peace Research Institute, "SIPRI Military Expenditure Database 2011" (Signalistgatan, Sweden, 2011). <http://milexdata.sipri.org> (accessed November 18 2011).

a fact that US withdrawal would lead to a regional arms buildup.<sup>31</sup> A specific example of this claim is the notion that the US military presence acts as a “cork in the bottle” of Japanese remilitarization.<sup>32</sup> However, there is no clear relationship between the rates of military spending and the membership in the US alliance system. Anecdotal evidence of Japan politely ignoring US exhortations to expand its defense responsibilities and capabilities reinforces this assessment.

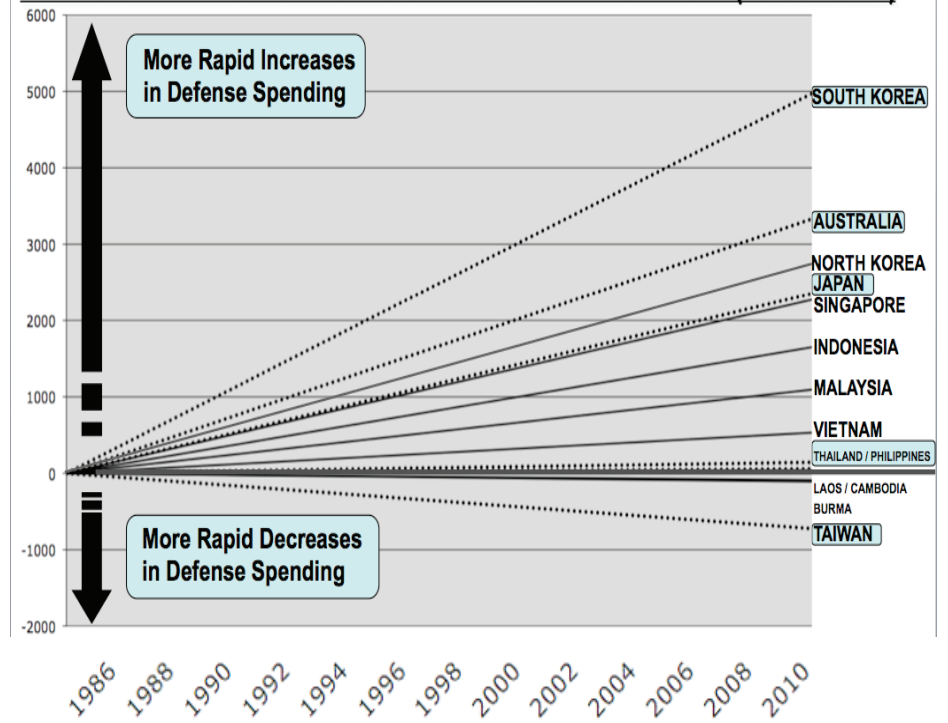
The above examination only discusses seven states. In order to further substantiate whether any relationship exists between the membership in the US alliance system and defense spending, it is necessary to expand the analysis to include the remaining regional actors of Australia, Singapore, Indonesia, Thailand, Laos, Cambodia and Burma. In addition to doubling the number of states being examined, we can attain a broader picture by looking at the changes in defense spending over time rather than just the year 2009. To this end, this paper employs linear regression of each country’s defense spending during the period of 1988-2010. The more detailed data represented in the various regression lines reveal longer-term trends than what was discernable in the earlier snapshot of 2009 alone. If the hypothesis is correct, non-allied countries (solid lines) should tend to group near the top of the pile since the lack of support from an external balancer should drive them to achieve higher levels of defense. Likewise, allied states (dotted lines) should tend to congregate towards the bottom.

The results show that during the period 1988-2010, South Korea tended to increase its defense spending most rapidly while defense spending by Taiwan was most likely to decrease. Of the fourteen countries surveyed, Australia and Japan placed second and fourth respectively as being most likely to increase their defense spending during the 22-year period. The other two US allies, Thailand and the Philippines, averaged an extremely low figure but yet maintained a positive slope. Glancing at the chart below, one faint pattern emerges among the regression lines. Three of the top four states that increased their defense spending most consistently are all allies with the United States.

31 Seth Cropsey, “Keeping the Pacific Pacific: The Looming U.S.-China Naval Rivalry,” *Foreign Affairs*, September 27, 2010.

32 This expression is generally attributed to Lieutenant-General Henry Stackpole. See Christopher Hughes, *Japan’s Security Agenda: Military, Economic, and Environmental Dimensions* (Boulder, CO: Lynne Rienner Publishers, 2004).

### COMPARITIVE LINEAR REGRESSIONS OF DEFENSE SPENDING FOR U.S. ALLIES VS. NON-U.S. ALLIES IN EAST ASIA (1988-2010)



(SOURCE: SIPRI)

This is the opposite of what we would expect if our hypothesis were correct. Rather, the ordering of states bears a much closer resemblance to what we would expect if there were no influence by outside actors. In other words, the regression lines shown above are more closely to model assumptions of zero US influence than they are to our hypothesis.

In conclusion, there is no evidence that a state’s military spending is determined by the depth of its strategic relationship with the United States. One specific consequence of this observation is that “cork in the bottle” type assumptions — that the US presence constrains arms racing and a possible return to Japanese militarism — should no longer be assumed. More broadly, the evidence presented here discredits the theory that a strong US presence has somehow suppressed the anti-China balancing behavior predicted by neo-realist



theory.

### Is East Asia Structurally Able To Balance Against China?

This section examines the second of the two explanations discussed earlier as to the absence of anti-China balancing: East Asia is structurally unable to do so. Earlier we discussed the resource constraints states face, and how such constraints inevitably limit the states' options in their dealing with rising China. Along these lines, neo-realists may argue that East Asia is structurally unable to balance China and that states are aware of this and are avoiding policies that they perceive to be unfeasible. While Kang agrees that such an argument might offer an explanation, he excoriates neo-realists for using an insufficiently rigorous empirical basis (*italics mine*):

*At a minimum, the onus is on those who argue that East Asia states are too small to balance, to show empirically that these states actually fear China, that these states searched all available internal and external balancing options, and ultimately decided that capitulation was the best policy to follow. Anything less is not a serious analytic argument, but rather an admission by realists that their theories about balance of power to not apply.*<sup>33</sup>

This section can be construed as an attempt to meet this standard, and does so by examining a hypothetical scenario in which East Asia balances against China with 100 percent participation and zero transaction costs – a “best case scenario” from the standpoint of the balancers. If within this scenario, East Asia fails to yield an aggregated level of national power comparable to that of China's, then we can say that East Asia as a system is structurally unable to balance China.

Measuring the strength of a hypothetical balancing coalition requires the measurement of individual state's national power; however, “national power” is a far more complicated attribute than military spending and calls for sophisticated measures. This paper employs the metric, pioneered by Kadera and Sorokin, known as the Geometric Index of National Capability (GINC). GINC emphasizes six primary components of national power: Military expenditure (ME), military personnel (MP), iron and steel production (IS), energy consump-

tion (NRG), urban population (UPOP) and total population (TPOP). The formula below states how we can use GINC to derive the share of national power that STATEX possesses within the regional system.

GINC<sub>x</sub> =

$$\sqrt[6]{\frac{ME_x \cdot MP_x \cdot IS_x \cdot NRG_x \cdot UP_x \cdot TPOP_x}{ME_{TOTAL} \cdot MP_{TOTAL} \cdot IS_{TOTAL} \cdot NRG_{TOTAL} \cdot UP_{TOTAL} \cdot TPOP_{TOTAL}}}$$

This metric has two main advantages. Most importantly, it is designed to fully utilize the datasets available within the Correlates of War Project.<sup>34</sup> Secondly, its geometric nature means that relative to its predecessor, the Composite Indicator of National Capability (CINC), “GINC is immune to entry and exit effects on dyadic power relationships.”<sup>35</sup> Given the unresolved conflicts across the Thirty-eighth Parallel and the Taiwan Strait, this becomes an important characteristic.

The GINC dataset employed here encompasses sixteen political actors: China, North Korea, South Korea, Japan, Taiwan, Vietnam, Laos, Burma, the Philippines, Thailand, Cambodia, Malaysia, Singapore, Indonesia, Australia and the United States. The dataset uses economic and demographic data from the World Bank and military data from the Facts on International Relations and Security Trends (FIRST) database.<sup>36</sup> Where gaps exist, the missing data is taken from countries' own statistics collection bodies, such as ministries of the interior or census bureaus.<sup>37</sup> Data from the CIA World Fact Book is also incorpo-

34 Paul F Diehl, “The Correlates of War Project Bibliographic Essay,” *Correlates of War Project*, <http://correlatesofwar.org/> (accessed October 28, 2011).

35 Kadera & Sorokin 2004, 226.

36 A project with no fewer than nineteen partners, the majority of data I employ was provided by the Bonn International Center for Conversion (BICC). See “Facts on International Relations and Security Trends (FIRST),” *Armed Forces, Weapons Holdings and Employment in Arms Production*, 2010, <http://first.sipri.org/> (accessed October 28, 2011).

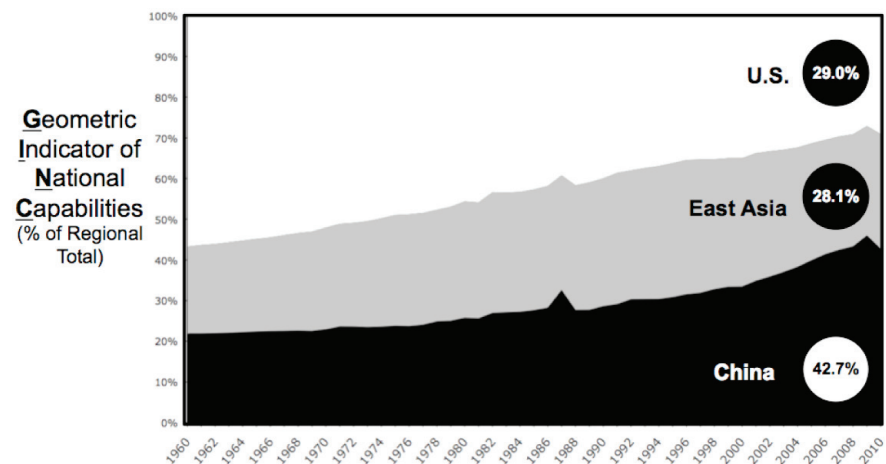
37 Hung Yao Chao, “ESCO Business in Taiwan,” *CTCI Foundation: Energy Conservation Technology Development Center*, 2001 [www.ecct.org.tw/esco/teach/14.ppt](http://www.ecct.org.tw/esco/teach/14.ppt) (accessed October 28, 2011); International Iron and Steel Institute (Committee On Statistics), *A Handbook of World Steel Statistics* (Brussels, Belgium, 2007); Brian R. Mitchell, *International Historical Statistics: Africa, Asia and Oceania, 1750-2005* (New York: Palgrave Macmillan, 2008); Republic of China Directorate General of Budget, Accounting and Statistics Population by Sex, Rate of Population Increase, Average Persons Per Household, Density and Natural Increase Rate (Taipei, Taiwan, 2011), [http://eng.stat.gov.tw/public/data/dgbas03/bs2/yearbook\\_eng/y008.pdf](http://eng.stat.gov.tw/public/data/dgbas03/bs2/yearbook_eng/y008.pdf) (accessed October 28, 2011); Taiwan Ministry of the Interior, *Population and Density in Urban Planning Districts* (Taipei, Taiwan: Construction and Planning Agency, 2011), [sowf.moi.gov.tw/stat/year/y08-02](http://sowf.moi.gov.tw/stat/year/y08-02).

rated as a last resort. To ensure reliability, the results of the GINC equation were compared to those of the more traditional CINC equation. In addition, these calculations were performed on an alternate dataset<sup>38</sup> — the National Material Capabilities (v4.0) dataset maintained by the Correlates of War Project.<sup>39</sup> The results for these sixteen countries show a strong match between the GINC and CINC calculations (showing an average correlation coefficient of 0.92).<sup>40</sup> The fact that the results are similar regardless of the method of calculation used or dataset employed strengthens the reliability of the findings.

The resultant GINC scores succinctly express China's rise as a regional power. Not only is China's national power larger than that of the US (42.7 percent versus 29 percent), but China has held a larger share of regional power than the US since 2000. Moreover, with an aggregate GINC score of 28.1 percent, East Asia as a whole has largely failed to keep pace with China. Summarizing the graph below, a hypothetical US/East Asia anti-China alliance would today achieve a ratio of geopolitical strength vis-à-vis China of 57 to 43 — a disparity of approximately 25 percent. To place this disparity and its implications in context, this difference is comparable to the difference in military spending which existed between NATO and the USSR in 1982.<sup>41</sup> If one argues

that the USSR and NATO effectively balanced one another at that time, then one is forced to conclude that under ideal conditions, East Asia, *with the assistance of an external balancer*, is perfectly able to balance China.

### CHANGES IN NATIONAL POWER BETWEEN THE U.S., EAST ASIA, INDIA, AND CHINA (1960-2010)



"Region" is defined as encompassing the following: China, North Korea, South Korea, Japan, Taiwan, Vietnam, Laos, Cambodia, Philippines, Thailand, Burma, Malaysia, Singapore, Indonesia, Australia, and the United States.

xls (accessed October 28, 2011); Houmpheng Theuambounn, *Status of Renewable Energy Development in the Lao People's Democratic Republic* (Bangkok, Thailand: United Nations Renewable Energy Technology Center, Technology Research Institute, 2007), [http://www.greengrowth.org/download/green-businesspub/Greening\\_of\\_the\\_Business/Governments/Houmpheng\\_Theuambounnmy\\_Status\\_of\\_Renewable\\_Energy.pdf](http://www.greengrowth.org/download/green-businesspub/Greening_of_the_Business/Governments/Houmpheng_Theuambounnmy_Status_of_Renewable_Energy.pdf) (accessed October 29, 2011); United Nations, *World Urbanization Prospects: The 2003 Revision* (New York: Department of Economic and Social Affairs (Population Division), 2004); World Bank, *World Development Indicators (WDI)* (Washington, DC, 2011), <http://data.worldbank.org/indicator> (accessed October 29, 2011); World Resources Institute, *Total Energy Consumption Per Capita Units: (Kilograms of Oil Equivalent (KOGE) Per Person): Taiwan, 2005*, [http://earthtrends.wri.org/searchable\\_db/index.php?step=countries&clD%5B%5D=176&theme=6&variable\\_ID=351&action=select\\_years](http://earthtrends.wri.org/searchable_db/index.php?step=countries&clD%5B%5D=176&theme=6&variable_ID=351&action=select_years) (accessed October 29, 2011).

38 Note: The National Material Capabilities (v4.0) dataset ends at 2007, versus my own dataset that ends in 2010.

39 Correlates of War Project, *National Material Capabilities (v4.0)*, 2007. <http://correlatesofwar.org/COW2%20Data/Capabilities/nmc4.htm> (accessed October 29, 2011).

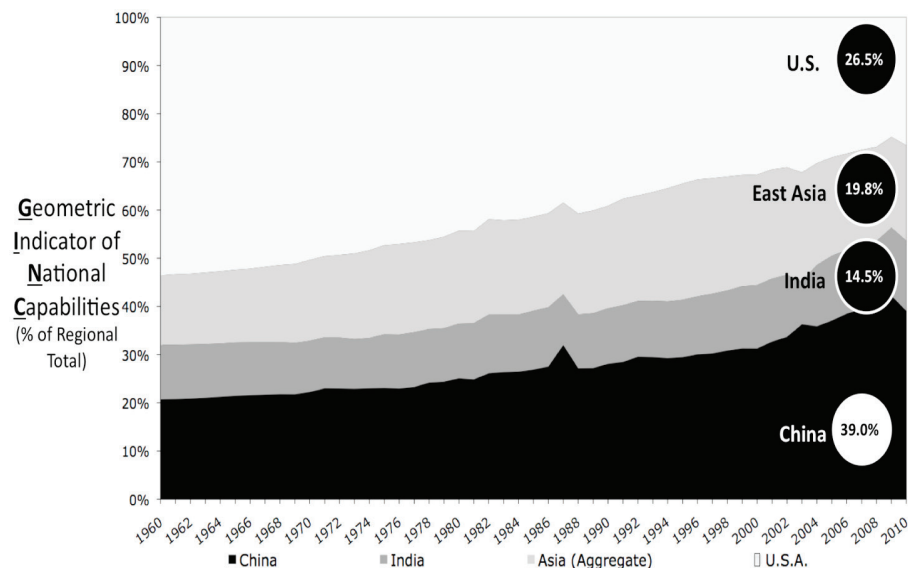
40 The correlation coefficients of the GINC calculations relative to Correlates of War Project's CINC estimates were .90 for China, .94 for an aggregated East Asia, and .92 for the US

41 I include the comparison here to give readers a frame of reference, but acknowledge that the relationship between China and East Asia's GINC scores today, and NATO and USSR's relative military spending twenty years ago, involve unlike terms. Suffice to say that approximating GINC for NATO and the USSR is beyond the scope of this paper (Department of Defense, *Department of Defense Annual Report: Fiscal Year 1981* (Washington D.C., 1980); Department of Defense, *Department of Defense Annual Report: Fiscal Year 1990* (Washington D.C., 1989); NATO Press Service, *Financial and Economic Data Relating to NATO's Defense* (NATO HQ: DMS 1356680, 1976); NATO Press Service, *Financial and Economic Data Relating to NATO's Defense* (NATO HQ: DMS 1356658, 1985)).

However, given the improbable assumptions underlying these figures, it is only fair to question if this condition would hold under less ideal conditions. In the overview from Part I, we observed that East Asia is home to several antagonistic bilateral relationships (North and South Korea, Cambodia and Thailand, and so forth). Moreover, we cannot assume that an anti-China balancing coalition would secure participation from every East Asian state. For instance, North Korea is hardly likely to balance China. As a result, not only North Korea, but a certain portion of South Korea and Japan's national power, must be removed from the 28.1 percent GINC score. Put simply, East Asia is not aggregated, and a more realistic model that takes that into account may show that East Asia is structurally unable to balance China given the antagonistic relationships prevalent within it.



### CHANGES IN NATIONAL POWER BETWEEN THE U.S., EAST ASIA, INDIA, AND CHINA (1960-2010)



"East Asia" is defined as encompassing the following: North Korea, South Korea, Japan, Taiwan, Vietnam, Laos, Cambodia, Philippines, Thailand, Burma, Malaysia, Singapore, Indonesia, Australia. India is also shown as the third stratum from the top. GINC modifiers for oppositional dyads are employed. Likewise, a negative modifier is applied to India to take into account India's ongoing dispute with Pakistan. Data represents the period 1960-2010.

## CONCLUSION

This paper examined two possible structural explanations as to why there exists a conspicuous absence of anti-China balancing in East Asia today – a condition that neo-realist theories of balance-of power politics fail to predict. A brief survey of the capabilities, alignments, and security policies of various East Asian states confirms that for a variety of unit-level reasons, the bulk of East Asia is indeed, opting to forgo outright balancing. The paper's central premise thus confirmed, we empirically assessed two structural-level explanations typically invoked by neo-realists to account for the lack of balancing in East Asia today: (A) the US military presence obviates the need to engage in balancing behavior, and (B) China's national strength within the regional system is too great for the rest of East Asia to feasibly balance it.

The evidence presented casts significant doubt on the validity of the first of these two theories, and renders the second null. Contrary to what we would expect of countries situated comfortably and securely within the system of US alliances, American allies in East Asia were slightly more likely to have increased their defense spending in the past half century than those states without an explicit security guarantee. To be certain, the lack of a relationship between alliance membership and defense spending does not disprove the notion that the US has suppressed balancing behavior in East Asia. However, it does mean that notions of the US as a "cork in the bottle" of East Asian arms racing should be reexamined, and that more work remains to be done to determine the precise nature of US influence on security dynamics within the region.

The second explanation offered by neo-realists, that East Asia is structurally unable to balance China, is technically true. Under optimal conditions of full participation and zero transaction costs, East Asia is only able to produce two-thirds of China's geopolitical strength. However, any examination of East Asia that assumes isolation from US or Indian influence is hardly realistic. Whether the external balancer is America or India, the hypothetical differences of national power predicted here are less than what prevailed during the last decade of the Cold War. This implies the feasibility of balancing as a strategic option. Last, the aforementioned analysis is based on the current distributions of power. Already there is talk about India's economic growth rate soon overtaking China's.<sup>43</sup> Should such outcome occur, the feasibility of balancing China will improve substantially. In short, notions that East Asia is somehow unable to balance China are indefensible.

David Kang rightly accuses neo-realists of failing to undertake the onus of empirically substantiating why East Asia is not balancing China. This paper represents an attempt to address this abnegation. However, having discredited two structure-based explanations for the absence of balancing behavior in East Asia today, it is only natural to seek to engage this theoretical puzzle that stands ever more intransigent. What explains this conspicuous absence?

Kang writes that the "East Asian region has its own internal dynamics, shared history, culture, and interactions" and argues in favor of a regional view of China's rise while implying the need for a rigorous study of East Asia's nor-

43 "China and India: Contest of the Century," *The Economist*, April 19, 2010. <http://www.economist.com/node/16846256> (accessed October 15, 2011).

mative framework.<sup>44</sup> Such an avenue of research may very well yield dividends. As previously discussed, minus an external balancer, East Asia is not capable of balancing China. Moreover, the existence of an external balancer is, historically speaking, a relatively recent phenomenon. Given that the vast majority of East Asian history has taken place within a unipolar system, it is possible that regional norms have developed in such a way so as to be tolerant of a powerful China.

While Kang implies that a more constructivist approach to understanding regional dynamics might be called for, another option may be to utilize balance-of-threat theory as articulated by Stephen M. Walt. However, Walt's framework represents more a starting point than a definitive answer. Of his four determinants of threat (aggregate power, proximity, offensive capability, and offensive intentions), only one — the lack of perceived offensive intentions — argues in favor of the absence of balancing that we see today. Bearing this in mind, appraising the relative salience of these four threat indicators and the breadth of their applicability may constitute one particularly constructive avenue of inquiry for those seeking to understand what the future holds in this "Pacific Century." **PEAR**

## INSTITUTIONALIZING EAST ASIA: SOUTH KOREA'S REGIONAL LEADERSHIP AS A MIDDLE POWER

*José Guerra Vio*

National Chengchi (Politics) University, Taiwan (NCCU)

*Most of the analysis trying to understand East Asian integration in recent years has focused primarily on the study of bilateral FTAs or the ASEAN process as the center of gravity for regionalism. However, after the Asian Financial Crisis in 1997-1998, the ASEAN Plus Three process involving Japan, South Korea and China was consolidated. This is just one example of how the focus of regionalism for the first time became East Asian wide, and the potential new center of gravity for regional institutionalization shifted to the northeast region. Institutionalization is a novel practice for policymakers in this region, particularly in the most advanced and developed economies of Northeast Asia. The focus of this paper is on South Korea, which is taking a very proactive role in regional affairs, especially when it comes to the building of regional institutions and the creation of regional governance. Foreign policymakers in Seoul have been busy in recent years with positioning the ROK as the hub for Northeast Asian regional integration, trying to establish South Korea as a bridge between the two traditional competitors for leadership and influence in Asia: Japan and China. As a major power in the region, South Korea appears to have the capacity to take up a leadership role, particularly in regards to the institutionalization of Northeast Asia. The main purpose of this paper is to determine the impact of South Korea's on the processes of institutionalization in Northeast Asia. By looking at the foreign policy choices and the approach to regionalism of current and previous administrations, the impact appears to be positive.*

### Introduction: East Asian North-South Institutional Gap

The construction of an East Asian Community, as a long term goal, cannot be realized in the absence of strong political will and leadership, which must stem from the institutionalization of cooperation among the regional power and big-