

Introduction to the Special Issue

AN ARMS RACE IN NORTHEAST ASIA?

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In the early 1990s, in the wake of the Soviet Union's collapse, the world was anticipating a "peace dividend" from the end of the cold war. In one part of the world, however, military spending was not slowing down. "Asia is in the midst of its most peaceful period of the 20th century," *The Economist* editorialized in 1993, "yet its nations are continuing to arm themselves at an alarming rate."¹ A similar assessment came from *Newsweek*: "East Asia's arms race already makes it one of the few places where defense budgets are rising—and the current drive to modernize local navies and air forces will look tame if North Korea is permitted to develop nuclear weapons."²

The arms spending in Asia attracted media attention in the early 1990s in large part because it was seemingly anomalous. The rest of the world was scaling back or, at least, considering doing so. In Northeast Asia, between 1989 and 1994, both South Korea and China increased their military spending by double digits—19 percent—while Japan increased expenditures by a more modest 9 percent. The countries of Southeast Asia—Thailand, Indonesia, Malaysia, and Singapore—were on a spending spree. In contrast, Russia decreased spending during that period rather dramatically (because of the collapse of its economy).

1. "Asia's Arms Race," *The Economist*, February 20, 1993.

2. Steven Strasser, "What Asia Wants from America," *Newsweek*, July 12, 1993.

And the United States, a Pacific power tied to Northeast Asia through bilateral alliances, reduced spending by 21 percent.³

Jump forward to a comparable five-year period between 2001 and 2006. During those years, no major periodicals proclaimed an arms race in Asia. Most news coverage of security issues focused on North Korea's nuclear program and the difficulties in the U.S.-South Korean alliance. Yet, for Northeast Asia at least, the military budget increases were more dramatic at that time than in the early 1990s. South Korea increased spending by 20 percent and was prepared to make even larger increases as part of its Defense 2020 program. China increased spending by 85 percent, Russia by 47 percent, and the United States by 48 percent. Of the participants in the Six Party Talks aimed at ending North Korea's nuclear program and building a regional security system, only Japan showed any restraint during this period. Tokyo shrunk its military budget by 1 percent.

One major reason that these military budget increases in Northeast Asia were not headline-worthy in the first decade of the 21st century—even though these increases surpassed those of a comparable period in the 1990s—is that this time they were not anomalous. Global military expenditures were rising rapidly as part of an overall 45 percent increase in the decade between 1999 and 2008. Recovery from the global financial crisis of the late 1990s, the impact of North Atlantic Treaty Organization (NATO) expansion, the uptick in military exports, and the surge in military spending after September 11, 2001 have all contributed to making the last decade a boom time for military contractors. Northeast Asian countries were simply doing what virtually all other countries were doing: spending more on their militaries under the innocuous label of “modernization.”

The increased military spending in Northeast Asia is unarguable. But does it constitute an arms race in the region? This special issue of *Asian Perspective* brings together scholars from China, Japan, South Korea, and the United States to scrutinize

3. Stockholm International Peace Research Institute, “The SIPRI Military Expenditure Database,” at www.sipri.com.

the reasons for the upward trajectory of military spending in the region, its implications for Asian security, and whether the region is on the brink of an arms race, a new era of peace and stability, or some ambiguous state in between.

Great Power Rivalry

The United States was responsible for 42 percent of all global military spending in 2008. It was also the chief driver of global military spending, accounting for 58 percent of the growth between 1999 and 2008.⁴ Much of this spending increase is attributable to the global “war on terror” launched by the George W. Bush administration, which included wars in Iraq and Afghanistan. But the Pentagon has remained wedded to many weapons systems—a nuclear complex, long-range missiles, a submarine force—that play no role in the conflicts that fall under what the Barack Obama administration has renamed “overseas contingency operations.” These weapons systems, as the debate over the defunding of the F-22 demonstrated in 2009, have been very difficult to reduce even if the money is slated for redistribution to other military programs rather than to nonmilitary budgets.

As Sean Chen and I argue in our essay on the debate over China’s military budget, the only plausible target for these cold war-era weapons systems is China. Indeed, a debate is taking place within the Pentagon between those who favor shifting resources toward counterinsurgency and those who continue to see China as the only potential hegemon on the horizon that can challenge U.S. unipolar authority in the future. This debate hinges in part on the size and quality of China’s military spending, which increased threefold in real terms over the last decade as China became the second leading military spender in the world for the first time in 2008.⁵ It has been rapidly modernizing

4. Stockholm International Peace Research Institute, *SIPRI Yearbook 2009* (Stockholm: SIPRI, 2009).

5. SIPRI, “Recent Trends in Military Expenditure,” at www.sipri.org/research/armaments/milex/resultoutput/trends.

its naval and air capabilities. Although China's military budget is a far cry from what the Pentagon spends—approximately one-seventh according to the latest SIPRI figures—many outside analysts argue that China underreports its expenditures and downplays the offensive capabilities of its new weapon systems.

China, argues Zhu Feng in his article on the implications of military spending for regional politics in Northeast Asia, is comfortable with a U.S.-centric security system. It is not spending money on modernizing its military in order to upend the status quo, retake "lost" territory, or even expand its sphere of influence. The military spending increases are largely internally directed: to maintain territorial integrity and buttress the leadership's legitimacy in the eyes of the population. A great-power rivalry similar to the cold war conflict between the United States and the Soviet Union is not in China's interest, particularly given its knowledge of how vulnerable the Soviet Union became when it attempted to keep pace with U.S. military spending increases.

The other country currently involved in the Six Party Talks that increased its military spending dramatically over the last decade is Russia. To make up for the deterioration of its capabilities during the economic collapse of the 1990s, Russia poured funds from its energy sales into an ambitious modernization program. Despite the economic crisis, and early indications that Russia would have to cut its military budget as a consequence, Russia in fact boosted its military spending by 25 percent in 2009, a post-Soviet record.⁶ It has increased subsidies to military contractors and pushed to increase its arms exports. Russia is a chief military supplier of China as well as a close collaborator in the Shanghai Cooperation Organization, a regional security organization. According to General of the Army Nikolay Makarov, the rapprochement of Moscow and Beijing is at least in part due to the increase in military spending in Japan and South Korea.⁷

6. "Russian Military Spending," at www.globalsecurity.org/military/world/russia/mo-budget.htm.

7. Lev Makedonov and Aleksandr Artyemyev, "South Korea, Japan Militarization Seen Strengthening Russia-China Ties," *Gazeta.ru*, July 22, 2009.

Great-power rivalry has been a chief driver of arms races in the past two centuries. For the moment, however, this disease seems to have gone into at least partial remission. Although Russia is concerned with NATO expansion and has balked at significant nuclear reductions because of upgrades in U.S. conventional power projection, Moscow no longer has any ambitions beyond its near abroad or, frankly, the resource base to restart an arms race with Washington. China, meanwhile, is considered a more serious threat than Russia in certain Pentagon circles, but Washington is too dependent on Beijing's economic largesse to risk an all-out confrontation. Beijing, on the other hand, is mindful of the lessons of the Soviet Union's demise and unwilling to challenge the United States even in the Pacific region much less anywhere else in the world.

Although the "China threat" continues to serve as a justification for large-scale weapons production in the United States, great-power rivalry is no longer the central driver behind the military spending increases in Washington, Beijing, or Moscow.

A New Kind of Arms Race

In the 1990s, Desmond Ball analyzed the post-cold war surge in spending and concluded that the acquisition of weaponry in Asia was neither sufficiently rapid nor implemented in a reciprocal fashion to amount to a proper arms race. Countries were increasing their spending not as part of a tit-for-tat process but for a variety of other external and internal factors. "There are few unambiguous cases of particular acquisitions in one country leading to either imitative or offsetting acquisitions by others," Ball concluded.⁸

The same argument applies today. Few speak of an arms race in Northeast Asia today. Russia, after all, has increased its military budget to regain some of the prestige it lost during the

8. Desmond Ball, "Arms and Influence," *International Security* (Winter, 1993-94), p. 94.

1990s after the collapse of the Soviet Union and, subsequently, its economy. The United States launched two wars in the last decade along with a global war on terror, none of which had much to do with Northeast Asia. China, South Korea, and Japan, although historically subject to competitive military spending, have articulated different reasons for the recent modernization of their militaries.

Even the conditions that would ordinarily give rise to an arms race don't seem to apply. Take the case of the Korean peninsula. The two countries—the Republic of Korea in the south and the Democratic People's Republic of Korea in the north—have fought one short hot war and subsequently waged one long cold war for control of the peninsula. It would seem natural that the two countries would be engaged in an arms race given the history of tensions and the increasingly sharp divide between the two systems. But the spending patterns of the two countries no longer match up. North Korea doesn't have the resources to keep up with South Korean spending. As Chung-in Moon and Sangkeun Lee explain in their essay on the reasons for South Korea's growing military budget, an asymmetric pattern has emerged since the mid-1970s, with South Korea increasing its spending and North Korea reducing its spending.

In Northeast Asia, it would seem that countries no longer increase their military spending solely in response to a narrowly confined set of signals from adversaries—what Ball defines as “an interactive process in which the arms requirements of one country depend upon the known, assumed, or anticipated capabilities of the forces of the other party or parties.”⁹ In the case of the Korean peninsula, for instance, South Korea has been increasing its military spending not as a direct response to North Korean spending patterns but for a set of different external and internal reasons. One of the principal external reasons is Seoul's relationship with Washington. As Jae-Jung Suh argues in his essay on the impact of alliance politics on military spending, South Korea has had to increase its spending simply to keep up with the

9. *Ibid.*

modernization of U.S. forces. The pressures of meshing with U.S. weapons systems and C4 (command, control, communications and computers)—the challenge of interoperability—has been a more effective driver of military spending than any perceived external threat to South Korea.

Our notions of an arms race based on perceptions of threat—and the spiral of reciprocal spending based on those perceptions—must be altered. There are still fears of falling behind an adversary’s capabilities. But equally important is the fear of falling behind new standards of modern weaponry and the latest technological advances in networked warfare. While these pressures have always existed—what might be termed the “keeping up with the crossbow” syndrome—they have become compressed in time and space. This third factor, after the spending patterns of adversaries and the spending priorities of allies, has become increasingly salient in an age of globalization marked by the relative absence of an overarching ideological conflict.

In the 1990s, for instance, the United States initiated a “revolution in military affairs” (RMA) that stimulated other countries to believe that applying new computer and communications technology to the modernization of their militaries was not optional but obligatory. While perhaps only the United States can aspire to “full spectrum dominance,” as laid out in its Joint Vision 2010, all countries can apply these technologies to military affairs to the extent that their budgets permit. And these military budgets are often exempt from the usual constraints because of “national security exceptions” that apply either formally (in regard to externally imposed austerity measures or through bilateral trade agreements) or informally (in the budget debates in the U.S. Congress).¹⁰ Bringing a military up to some conception of international standards becomes the security equivalent of a computer hardware upgrade. Without such an upgrade, national leaders believe that they are not only left behind but cannot even effectively operate in the same security environment.

10. John Feffer, “Globalization and Militarization,” *Foreign Policy In Focus*, February 1, 2002, at www.fpif.org/fpiftxt/1335.

The Economics of Military Spending

The financial crisis of the late 1990s served as a significant speed bump in the military spending increases in Asia. The current financial crisis doesn't seem to be having a comparable effect. At most, the major spenders in Northeast Asia—South Korea, China, and the United States—have merely scaled back slightly on their planned increases.

Indeed, some countries have identified increased military spending as having a positive impact on the overall economy. This is the new military Keynesianism: the use of military spending to stimulate the economy and pull the country out of recession. During the deliberations on the military budget in 2009, the operative word in Washington wasn't "terror" or "China." It was "employment." Defense contractors scrambled to prove that they play an essential role in keeping factories running and workers employed. Lockheed Martin ran several full-page ads in the *Washington Post* that linked its F-22 *Raptor*—an expensive weapon of dubious utility in today's strategic context—to 95,000 jobs in forty-four states. Not to be outdone, the shipbuilding industry lobbied Congress to send a letter to President Obama arguing for a doubling of the rate of naval shipbuilding—to preserve 400,000 jobs in forty-seven states.¹¹

Advocates of larger military budgets have long touted the economic advantages of military spending, whether in the form of greater employment, contributions to infrastructure development, or technological spinoffs to the civilian sector. Lobbyists for military contractors have also relied on the dispersion of military production across virtually every state of the United States to make these economic arguments even more compelling to politicians who represent military contractors in their district. This military-industrial-legislative complex is no longer unique to the United States, as Northeast Asia too has witnessed lawmakers and lobbyists making similar economic arguments, par-

11. "The Influence Game: Defense Lobby Stresses Jobs," *Cleveland Plain Dealer*, January 29, 2009.

ticularly during the recent recession.

This military Keynesianism hasn't gone unchallenged. Critics have pointed out that defense spending is not an effective stimulus package. Investments in the civil sector, as several studies have demonstrated, produce more jobs than investments in the military sector.¹² Budget priority advocates have argued that to secure sufficient funds to address economic recession and climate change—without saddling future generations with crippling debt—governments must find some pot of money for spending on human needs. The only pot of discretionary funds is the military budget. This second argument has become more popular in Japan with the election of the new Hatoyama Yukio government and its various economic reform projects.

The Japanese Model?

The one country in Northeast Asia that has bucked the trend in military spending has been Japan. Although it has built one of the most powerful and sophisticated militaries in the world, Tokyo still abides by the informal cap of one percent of GDP. Indeed, over the last decade, Japan's annual military spending has been flat or declined slightly.

As Akira Kawasaki points out in his essay on the Japanese military spending debate, Japan stands at a crossroads in its military policy. It has been gradually acquiring the capabilities of a "normal" military power and adjusting the interpretation of its "peace constitution" accordingly. Participation in a joint missile defense project with the United States has required outlays of \$1 billion or so a year as well as some bending of the rules governing arms exports. Tokyo's stated desire to purchase advanced F-35

12. See, for instance, Michael Ward and David Davis, "Sizing Up the Peace Dividend," *American Political Science Review* (September, 1992). Their essay lists a number of other studies that come to the same conclusion. For a more recent study, see Robert Pollin and Heidi Garrett-Peltier, *The U.S. Employment Effects of Military and Domestic Spending Priorities* (Washington, D.C.: Institute for Policy Studies, October 2007).

fighter jets will augment a new power-projection capability as well as boost military spending. On the other hand, the Democratic Party of Japan (DPJ), which replaced the long-ruling Liberal Democratic Party in 2009, has been skeptical of many of the more ambitious military plans of its predecessor, including close coordination with the U.S. military around operations in Afghanistan and the building of a new air base in Okinawa. The DPJ has promised significant increases in nonmilitary budget items and must find the funding for these projects from existing outlays. How the DPJ resolves this dilemma will have significant ramifications for Northeast Asia as a whole.

Japan has long provided a moral example for the disarmament movement with its nonnuclear principles, its “peace constitution,” and the considerable anti-nuclear activities of its local governments and nongovernmental organizations. This activism has borne fruit with the commitment of the Obama administration to nuclear abolition, the first presidential administration to do so. Can Japan provide similar leadership on the issue of military spending? If the DPJ holds to the cap on the military budget, rejects some of the higher-ticket items like advanced fighter jets, scales back on missile defense, and restricts military exports, Japan can set an important example for the region. Rather than becoming “normal” through the acquisition of offensive weaponry, Japan can establish a new norm of restraint for the region as a whole.

Japan cannot do this alone. The Six Party Talks, which focus on North Korea’s nuclear program, has also established a working group on a regional peace and security mechanism. Should these talks resume and the working groups start up again, one item for discussion can and should be conventional military spending. As Wade Huntley points out in his essay on the relationship between nuclear weapons and military spending, North Korea invested in a nuclear program in part to compensate for the relative decline in its conventional military capabilities vis-à-vis South Korea, Japan, and the United States. To persuade North Korea to give up its nuclear deterrence will necessarily require a discussion of conventional military capabilities and spending. Japan could lead this discussion in the working

group on regional peace and security.

The countries involved in the Six Party Talks are responsible for the lion's share of global military spending. If they can agree on a plan to restrain military spending, this would have a profound impact on global spending patterns. The region's military spending patterns in the 1990s, with budgets going up as global spending went down, were anomalous. By restraining and reducing military spending, the region can once again be anomalous in the 21st century, but in a way that enhances rather than undermines regional security.

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