

Globalization and Defence in the Asia-Pacific

Arms across Asia

Edited by

**Geoffrey Till, Emrys Chew
and Joshua Ho**

Contemporary Security Studies

Globalization and Defence in the Asia-Pacific

This edited volume examines the impact of globalization on the economies, security policies and military–industrial complexes of the Asia-Pacific region.

The work is structured into three main parts. The first explores globalization and its general effects on the policy-making of the nation-state; the second section looks at how globalization affects a country's threat perception and defence posture within the specific context of the Asia-Pacific region; while the third explores how it impacts on a state's allocation of resources to defence, and how economic globalization affects the defence industry, with specific reference to the procurement policies and practices of different states across the Asia-Pacific.

This book will be of much interest to students of Asian Studies, International Security, Defence Studies, Security Studies and Economics.

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1 Introduction

Joshua Ho

Globalization, once a rather nebulous concept, has become a buzzword and entered into mainstream dialogue and discourse. Globalization as a phenomenon in itself has attracted its fair share of supporters and detractors. Supporters have celebrated its virtues and its inevitability and emphasized that globalization is economically benign and increases economic prosperity by enlarging the economic pie. Supporters have also emphasized that globalization is socially benign, and that it diminishes poverty, gender discrimination, and protects both mainstream and indigenous culture. Detractors, on the other hand, have accused globalization of lacking a human face. They see globalization as the increase in the power and influence of the multinational corporation who will pursue profits at the expense of civil liberties and human rights. In particular, opponents have feared that the phenomenon of globalization might increase poverty or the rich–poor divide, increase the use of child labour, undermine democracy, harm the interests of women, dilute indigenous cultures, damage the environment, and encourage illegal flows of humanity that simultaneously fuel vices within industry such as prostitution and the consumption of drugs.

But when all is said, what is lacking is a clear, coherent, and comprehensive sense of how globalization works and how it can do better. Globalization can mean many things: it can mean economic globalization; cultural globalization, which can be affected by economic globalization; and the globalization of communications, which is one of the factors that deepen economic globalization. However, globalization in the context of this volume will focus largely upon *economic* globalization. Economic globalization constitutes the integration of national economies into the international economy through trade, direct foreign investment (by corporations and multinationals), short-term capital flows, international flows of workers and humanity, and flows of technology.

If the effects of globalization on civil liberties and human rights remain a continuing debate, the effects of globalization on defence in particular are even less well understood. What does the latest research tell us about the relationship between globalization and conflict or cooperation? How will globalization affect a state's revenue collection and, in consequence, how will it affect the way that a country allocates its budget to various priorities and to defence in particular? How will the international flows of workers and humanity, as well as technology,

affect the state's procurement and acquisition policies? Will the increasing economic integration of national economies into the international economy through trade, direct foreign investment by corporations and multinationals as well as increase in short-term capital flows alter threat perception or will new threats arrive that need to be addressed? This volume addresses these and other questions in three main parts. The first part will establish theoretical frameworks for exploring the connections between economic interdependence and international conflict, thus examining whether greater economic interdependence that comes with globalization is likely to result in greater cooperation or exacerbate existing rivalries that could lead to conflict. At the more practical level, the second part will examine how globalization affects a country's threat perception and its defence posture, locating the debate firmly within the particular time-space context of an increasingly dynamic but volatile Asia-Pacific region. The third part will examine how globalization affects a state's allocation of resources to defence, and how economic globalization affects the defence industry, with specific reference to the procurement policies and practices of different states across the Asia-Pacific.

To begin with, the first part of this volume deals with the current scholarship on economic interdependence. Authors in this section will examine the latest globalization theories and expound the relationship between economic interdependence and conflict as well as cooperation. Will greater global economic interdependence result in greater cooperation or will it exacerbate existing rivalries that might culminate in conflict?

Moving from the more theoretical and general to the more practical and specific, authors writing in the second part discuss whether globalization has significantly altered traditional threat perceptions of different countries and entities in the Asia-Pacific region. Has globalization brought with it economic competition between states and between regions and as a result exacerbated inter-state competition and increased the perception of threat, or has globalization required greater integration with the global economy and reduced threat perception? For example, economic competition brought about by globalization could increase the competition for scarce natural resources such as oil and, in the process, exacerbate traditional rivalries; on the other hand, greater economic integration with the global economy may require greater interdependency and transparency and, as a consequence, encourage greater participation in multilateral institutions and, in the process, reduce threat perceptions. Another question that is examined is whether the phenomenon of globalization in itself has created new threats that the state will have to respond to, such as terrorism, illegal migration, drug smuggling, and crimes associated with the Internet? The authors shed new light on how respective states have coped with both the new and old threats brought about by globalization, by looking at the defence concept, posture, doctrine and missions allocated to the respective militaries, and how this is likely to continue or change in the context of the different sub-regions of Northeast, Southeast and South Asia.

Authors writing in the third part deliberate whether globalization has impacted the economies of the regional countries in a positive or a negative

way, and whether the states concerned have been able to increase their revenue as a result of globalization. Have the regional and individual economies become more dynamic, allowing states to embark on a virtuous upward cycle, or has globalization resulted in net economic loss for the states and regions concerned, leading to a downward spiral? Consequently, on what basis have states allocated revenue resources for the purpose of defence? Has globalization brought about a different pattern of revenue resource allocation to the different sectors of government? For example, is defence spending increasing as a proportion of GDP, or increasing as a proportion of the national budget? What are some of the reasons for this resource allocation and how will countries continue to allocate resources in the future? Once again, such questions should be examined in the context of the different sub-regions of Northeast, Southeast and South Asia.

The third part will also examine globalization's impact on the defence industry. Economic globalization constitutes the integration of national economies into the international economy through trade, foreign direct investment (FDI) by corporations and multinationals, short-term capital flows, international flows of workers and humanity, and flows of technology. In order to remain competitive in the face of globalization, corporations have had to focus continuously on competitiveness and on areas where they have comparative advantage. Globalization has also forced corporations to establish global operations so as to be able to tap into the comparative advantages of the different countries, be it in terms of the labour pool, or access to raw materials or intermediate products. Traditional factors of production like land, labour and capital (and a more recent factor, intellectual capital) have become globalized; and firms do not have to be vertically integrated anymore but are able to have access to these different factors from the global marketplace. Have the pressures faced by profit-making commercial firms also affected the defence industry in the region? Have they had to diversify their operations into commercial activity as well to sustain operations? Will there be a scenario where we could expect a consolidation of the regional defence industry in a manner that has occurred in Europe with the creations of the European Aeronautic Defence and Space Company (EADS)? What impact would technology flows, capital flows, and human capital flow have on the defence industry in terms of its ability to harness the latest technology and hire the most talented individuals? What is the impact of such trends on defence acquisition and procurement policies? Will countries be able to maintain secret edge capability or will defence equipment and products be increasingly commoditized with similar look, feel and capability? These are just some of the questions that are addressed by the authors in the context of the different sub-regions of Northeast, Southeast and South Asia.

Part I Theories of globalization and defence

In the chapter, "Globalization and armed conflict among nations: prospects through the lens of international relations theory," Brian Pollins predicts the net

effect of the positive and negative developments brought about by globalization. He begins by sketching those theories of International Relations that link aspects of economic growth, development, exchange and distribution to prospects for war and peace. They fall into three distinct groups: the first set examines how characteristics or trends within a national economy affect the interests and capabilities of the state; the second set focuses on the economic ties between two countries in order to explain their security relations; and the third set considers the characteristics of the global economic system as the driving force that shapes security relations among nations.

Pollins then examines those aspects of economic globalization that are most likely to impact on the security domain. They can be divided into two groups: new players and new forms of interconnectedness. By new players, Pollins refers to the rise of non-state actors such as inter-governmental and non-governmental organizations. Multinational corporations in particular can both impel and enable nations to move towards more peaceful relations in some cases, and towards conflict in others. In addition, globalization tends to redistribute economic assets and capabilities within the state system itself, leading to a change in the capabilities and interests of the states concerned. In terms of new forms of interconnectedness, these are the novel aspects of economic interdependence that distinguish this period of globalization from previous eras. These include the transnational reorganization of production, the content of trade flows and the dispersion of global capital centres.

In his final section, Pollins employs International Relations Theory to evaluate the economic shifts brought about by globalization in order to conclude as to whether or not the phenomenon will increase the prospects for peace in the twenty-first century. The key variables in such an analysis, isolated by many of the theories, are those relating to economic growth and stagnation. However, Pollins concedes that the field of International Relations is far from having all of the answers and more research remains to be done in a number of areas. First, more research is needed in order to ascertain whether or not the predictions of the theories are correct and which particular prediction is the more accurate. Second, additional research is needed to understand the mechanisms whereby interdependence discourages the resort to force in some circumstances but encourages conflict in others. Third, the relationship between the presence of a hegemon in the world system and the occurrence of war needs further investigation.

In the chapter, "Beyond interdependence: globalization, state transformation and security," Christopher Hughes gives an overview of the globalization–security nexus. He begins by stating his argument that there is indeed an interconnection between globalization and security, and that globalization's impact on national security can certainly be highly corrosive. This relationship can be most clearly explained by examining four inter-related themes. First it is necessary to define the concept of globalization in order to render it a useful analytical tool. Hughes offers a definition which views globalization not only as a quantitative change in the degree of social and economic interaction (i.e., increased economic

interdependence and inter-connectedness) but also as a qualitative change in the nature of these flows, and in state capacities to respond to them.

Second, the concept of security must be more closely examined, in particular in order to understand how security has been traditionally generated. This will aid the analysis of how globalization may impact on national security. According to Hughes, security has been organized primarily around the role of sovereign states and that the main impact of globalization will be its ability to infiltrate and undermine the security prerogatives of sovereign states. To make his point, Hughes paraphrases and alters Charles Tilly's maxim: if the state can be remade or unmade under conditions of globalization, then so is remade the nature of war and security.

Third, it is necessary to examine how and under what circumstances globalization's impact on state sovereignty will result in the generation of specific security issues. It is possible to argue that the principle way in which this will take place is that globalization exacerbates the economic causes of traditional and non-traditional security issues. These causes feed off one another, often resulting in the generation of political violence. One way that this exacerbation occurs is that globalization can produce economic exclusion, which can lead to conflict. Hughes gives the example of North Korea to illustrate his point. Following the end of the Cold War, North Korea embarked on a policy of self-imposed isolation (this was supplemented by externally imposed exclusion) from the rapidly globalizing political economy of the region. The leadership of the state is currently aware that any economic liberalization at this point would expose its economy to the shocks of globalization and may threaten the stability of the ruling regime. The result is that North Korea has used its remaining military assets in what Hughes terms a strategy of brinkmanship, in order to extract economic concessions from the surrounding powers. Globalization can also impact on economic disparities within states, causing the disintegration of state structures and the potential for conflict.

Fourth, it is necessary to understand why globalization impacts in different ways on different sovereign states in different regions. This, Hughes explains, is a result of "geographies of national security." In other words, some countries or regions are more prone to insecurity linked to globalization than others. Hughes argues that it is in those states where sovereignty is weakest that globalization's impact and generation of insecurity is most strongly felt. These states are often located in the developing and post-colonial world. Globalization must be understood as an attack on state sovereignty and the ability of the state concerned to consolidate its sovereignty to limit globalization's impact.

Part II Globalization and defence policy in the Asia-Pacific

In the chapter, "Globalization and military-industrial transformation in South Asia: a historical perspective," Emrys Chew observes that the military-industrial configuration of South Asia is the globalized by-product of countless cross-cultural interactions that emerged out of a complex interplay between the motive